

18. PAYING FOR IT

The budget request for homeland security for fiscal year 2006 does contain some positives: (1) an overall funding increase of \$3.9 billion, or 8.6 percent, to \$49.9 billion; (2) a shift toward allocating funds to states and localities based on their relative risks and needs; and (3) an increased use of user fees to fund operations. However, more than four years after September 11, several key priorities still remain severely, and dangerously, underfunded. These shortfalls occur in seven major areas and amount to about \$23 billion. In effect, a prudent budget for homeland security would be at least \$73 billion as opposed to \$50 billion.

CRITICAL INFRASTRUCTURE PROTECTION

The disparity between funding to protect military bases and civilian infrastructure (transportation, food systems, energy) has grown wider: \$8.7 billion will protect the bases, an increase of \$1.1 billion; \$2.8 billion will protect critical civilian infrastructure, an increase of \$200 million.¹ Since September 11, Washington has provided only \$516 million toward the \$5.6 billion that the Coast Guard estimates U.S. ports need to make them minimally secure.

While inadequate funding is part of the problem, another major contributing factor is the Bush administration's belief that voluntary action on the part of the private sector will be adequate to ensure the security of critical infrastructure. According to President Bush's National Strategy for Homeland Security, "The government should only address those activities that the market does not adequately provide—for example, national defense or border security. . . . For other aspects of homeland security,

sufficient incentives exist in the private market to supply protection.” This misguided ideology has left U.S. citizens vulnerable to terrorism at privately owned chemical and nuclear plants.

CHEMICAL PLANTS

According to the Government Accountability Office (GAO), “the extent of security preparedness at U.S. chemical facilities is unknown . . . [because] no federal requirements are in place to require chemical facilities to assess their vulnerabilities and take steps to reduce them . . . [and] no federal oversight or third-party verification ensures that voluntary industry assessments are adequate and that necessary corrective actions are taken.”² The GAO, the Department of Homeland Security (DHS), and the Environmental Protection Agency (EPA) all agree that a national strategy is necessary “to require chemical facilities to expeditiously assess their vulnerability to terrorist attacks and, where necessary, require these facilities to take corrective action.”³ The proposed Chemical Security Act would require companies to perform vulnerability assessments, implement security enhancements, be subject to audits, and actively pursue alternative approaches to the way they manufacture their products. The Congressional Budget Office estimated the government cost of the proposal at \$80 million over five years, or about \$16 million a year.⁴

NUCLEAR POWER PLANTS

Nuclear power plants were not designed to withstand aircraft crashes or explosions, and the federal government still does not require nuclear plants to be secure from an aircraft attack. An April 2005 study by the National Academy of Sciences concluded that nuclear plants in thirty-one states containing fuel storage pools are vulnerable to such attacks, which could trigger raging fires and the release of deadly radiation. The U.S. Nuclear Regulatory Commission (NRC) has resisted congressional efforts for additional security regulation.

Several European nations have placed all spent fuel older than five years into thick-walled, dry-storage modes. The cost of such hardening would be about \$7 billion over the next ten years, or \$700 million a year.

TRANSPORTATION SECURITY

Much of the post–September 11 focus has been on passenger airplane security, and there have been some significant improvements there. Yet air cargo remains virtually unmonitored and rail security and public transit security remain underfunded and lacking in overall strategic frameworks for pursuing security.⁵

The American Public Transportation Association estimates it would cost \$6 billion to secure the nation’s transit systems, which serve approximately 32 million Americans every day.⁶ Since September 11, however, only \$155 million has been appropriated by Congress for this effort—which is about 1 percent of the funding appropriated for aviation security, even though every day sixteen times as many people travel by public transportation as by air. A block grant program of \$6 billion aimed at commuter rail, subways, and Amtrak should be used to address these vulnerabilities.

CONTAINER AND PORT SECURITY

Homeland security requires border security, and effective border security requires “smart borders” that don’t begin at the water’s edge, but begin at the ports and departure points of origin. This requires effective cooperation with other countries and with the private sector to provide the resources, personnel, and technology adequate to the task. Although the CIA has concluded that the most likely way weapons of mass destruction would enter the United States is by sea, the federal government is spending more every three days to finance the war in Iraq than it has provided over the past three years to prop up the security of all 361 U.S. commercial seaports.

Container security is the primary focus of two initiatives: the Customs-Trade Partnership Against Terrorism (C-TPAT) and the Container Security Initiative (CSI). C-TPAT is a public-private partnership aimed at securing the supply chain from point of origin through entry into the United States. It includes trade other than that conducted with containers, but a large part includes container shipments. CSI is a Customs and Border Protection (CBP) program stationing CBP officers in foreign seaports to target and inspect marine containers before they are loaded onto U.S.-bound vessels.

In the proposed fiscal year 2006 budget, the CSI is scheduled for an increase of \$5.4 million over 2005 levels and C-TPAT an increase of \$8.2 million. But both remain funded at orders of magnitude well below what is needed to ensure adequate inspection. Only an estimated 4–6 percent of cargo containers are inspected each year. *ABC News* has twice successfully smuggled depleted uranium in a container without it being recognized. Customs officials abroad lack adequate training and resources. The GAO has raised issues concerning both the CSI and C-TPAT programs including: systematic human capital plans, performance measures for accountability and program achievement, and a long-term strategic plan to successfully manage the two programs. There needs to be an effort to more systematically monitor and track containers throughout the supply chain process and for ports to be able to use the top-of-the-line radiation-detection portals and container-scanning equipment, which cost an estimated \$1 million per unit.⁷

Security at ports themselves is another critical area. Since 2002, the DHS's Port Security Grant program has provided support to address immediate security needs and assessments. But federal money allocated in the first four rounds of the program—about \$565 million—accounted for only about one-sixth of what seaports identified as needs, while a fifth round of grants totaling \$150 million has yet to be made available to ports.⁸ At the same time, the Coast Guard has estimated that ports would have to spend \$5.4 billion over ten years to meet mandated security enhancements.⁹ That is on top of the more than \$3 billion they already spend annually on infrastructure improvements and operations, maintenance and personnel expenses, just to keep pace with burgeoning world trade. Furthermore, the fiscal year 2006 budget eliminates targeted port security funds, consolidating all funds in a targeted infrastructure protection program and thereby making it difficult to ensure adequate

direct funding. Bringing port security and container security to acceptable levels will require an increase of about \$2.4 billion a year (\$0.5 billion for port security and \$1.9 billion for container security).

FIRST RESPONDERS

Overall funding for key first responder programs would be cut by \$510 million, from \$3.27 billion in fiscal year 2005 to \$2.76 billion in fiscal year 2006.¹⁰ Although interoperable communications systems remain a critical need for the first-responder community, the budget requests zero dedicated funding for this effort.¹¹ In addition, the Science and Technology Directorate will no longer receive funding from other federal agencies—a cut of \$11 million—for operations of Project SAFE-COM, which coordinates all federal interoperable communication efforts.

A 2003 Council on Foreign Relations Task Force, chaired by former Senator Warren Rudman, focused specifically on emergency response to a catastrophic attack and found that “[i]f the nation does not take immediate steps to better identify and address the urgent needs of emergency responders, the next terrorist incident could have an even more devastating impact than the Sept. 11 attacks.” The task force called for increasing spending on police, fire, medical, and other first responders—approximately \$100 billion over five years, which would also have substantial immediate benefits for day-to-day emergency response unrelated to terrorist attacks. Using that metric, the United States will fall approximately \$98.4 billion short of meeting emergency responder needs over the next five years if current funding levels are maintained.¹²

These shortfalls in funding translate into dangerous vulnerabilities, given the scope and character of the terrorist threat. For example: Only 10 percent of fire departments nationwide have personnel and equipment to handle a building collapse; police departments throughout the United States do not have protective gear required to secure a site after a weapons of mass destruction (WMD) attack; public health laboratories in most states do not have the basic equipment to adequately respond to chemical or biological attacks; and most cities do not have the equipment needed to determine which hazardous agents

emergency responders are facing following an attack.¹³ Curing the funding shortfalls for the first responders will require an increase of at least \$4 billion a year.

PUBLIC HEALTH

The anthrax attacks in the United States during 2001 showed what a relatively mild bioterrorist attack could do in terms of sparking fear and taxing the public health infrastructure. Yet the Bush administration's proposed budget actually cuts funds for critical public health infrastructure. The proposed fiscal year 2006 budget cuts nearly 7 percent—or \$530 million—from the allocation for the Centers for Disease Control and Prevention (CDC). This includes a cut of approximately 9 percent to core CDC programs and at least a \$260 million cut to state and local public health programs. These cuts include:

- ◆ elimination of the \$130 million Preventive Health and Health Service block grants that have routinely been awarded to states;
- ◆ a 12.6 percent cut to CDC's bioterrorism preparedness fund, representing nearly \$147 million, despite repeated reports that indicate that the country is still not adequately ready to respond to a biological or chemical terror attack;
- ◆ CDC building and facilities funds, which include money for upgrading or modernizing research and testing capabilities, were cut by 88 percent, nearly \$240 million; and
- ◆ elimination of funding for the Metropolitan Medical Response System which helps local first responders prepare for radiological, chemical, and other terrorist attacks.¹⁴

These cuts come on the back of decades of reduced funding for public health. The Public Health Foundation estimates that an infusion of an additional \$10 billion would be necessary to bring the public health system up to an acceptable level of preparedness.¹⁵ With respect to homeland security concerns in particular, there are other major vulnerabilities. According to the Trust for America's Health, nearly one third of states cut their public health budgets in fiscal years 2003 and 2004 and federal

TABLE 18.1. PROPOSED CHANGES TO HOMELAND SECURITY BUDGET

HOMELAND SECURITY PROGRAM	ADMINISTRATION FY 2006 REQUEST, IN BILLIONS	PROPOSED CHANGE, IN BILLIONS
Nuclear plant hardening	0.00	0.70
Chemical plant security	0.00	0.02
Port security	2.00	0.50
Public transit security		6.00
Public health infrastructure	2.28	10.00
First responders	2.76	4.00
Container security	0.19	1.90
TOTAL HOMELAND SECURITY FUNDING	49.90	23.12

Source: "Report of the Task Force on a Unified Security Budget for the United States, 2006," Center for Defense Information, May 2005, p. 8, available online at <http://www.cdi.org/pdfs/unified-security-budget-2006.pdf>

bioterrorism funding decreased by over \$1 million per state in 2004, while states still do not have adequate resources to address their preparedness gaps.

Only five public health labs report capabilities (facilities, technology, and/or equipment) to adequately respond to a chemical terrorism threat, and only one-third of states report that they have sufficient bioterrorism lab response capabilities (facilities, technology, and/or equipment).

Although planning for a flu pandemic (often viewed as requiring a similar response to a bioterrorism attack) has improved, twenty states still do not have publicly available plans in place, and, based on model estimates, an outbreak would still have dire consequences.¹⁶ Bringing public health funding to an acceptable level will require an increase in homeland security funding of about \$10 billion.

SOLUTIONS

Table 18.1 displays the additions necessary to cure the major defects in homeland security. To see how the nation might pay for these necessary additions, it is important to look at the total national security spending.

There are two major components of national security spending: an offensive component, which is funded primarily in the Department of Defense; and a defensive component, which is funded through the Department of Homeland Security. Since September 11, the Bush administration has increased spending on both components. On September 11, 2001, the United States was spending \$327 billion on the combined offensive and defensive components of national security. Four years later, in September 2005, these components consumed \$482 billion, an increase of \$155 billion, or 47 percent.

However, the majority of the increased funding has gone to the Department of Defense. In 2001, the defense budget was \$306 billion. Four years later, in the fiscal year 2006 budget (for the fiscal year which began on October 1, 2005), the baseline defense budget was \$442 billion. Moreover, very little of the Defense budget goes to homeland defense (less than \$10 billion in 2006).

Spending on the other component of national security has also risen but not nearly as much as that of the Department of Defense. In 2002, spending on the twenty-two agencies that were put into the DHS amounted to \$21 billion. The 2006 budget for homeland security will be \$40 billion, exclusive of what the Pentagon spends, an increase of only \$19 billion—or \$117 billion less than the increase in Department of Defense spending.

There are three possible ways to deal with the homeland security spending shortfall. First, increase overall government spending. Given that the federal deficit for 2005 will be over \$300 billion, without counting funding for the wars in Iraq or Afghanistan or for rebuilding the areas hit by Hurricanes Katrina and Rita, this is an unlikely prospect.

Second, the federal government could raise taxes. After all, the Global War on Terrorism is the first war in our history in which we have not raised taxes or instituted a draft. In fact, the Bush administration has decreased taxes since September 11, primarily on the wealthy. But, given the fact that neither the president nor the Republican leadership have even broached the subject of tax increases, and are still debating whether to make the earlier tax cuts permanent, this too is an unlikely prospect.

The third alternative is to adjust the balance between the offensive and defensive components of national security spending. As noted above, spending on the regular defense budget, as opposed to the supplementals that fund the wars in Afghanistan and Iraq, is now \$442 billion. Even

controlling for inflation, this is more than the defense budgets of 1960, 1970, 1980, or 1990, and is more than the rest of the world combined. Transferring \$23 billion from the Department of Defense to the Department of Homeland Security would leave the United States with a regular Defense budget that is three times as much as China and Russia combined. These funds can be taken from defense without jeopardizing national security or undermining the Global War on Terrorism, primarily by eliminating Cold War-era weapons and weapons systems that do not work, and slowing down the development of weapons experiencing technical problems.¹⁷ Specifically, here are areas where reductions could be made in ways that would strengthen the nation's security against the threat of terrorism.

BALLISTIC MISSILE DEFENSE (BMD)

There's no doubt that this nation needs to be concerned about ballistic missile attacks against our troops in the field (Theater Missile Defense, or TMD) or against U.S. territory (National Missile Defense, or NMD)—and indeed it is. Since President Reagan gave his speech twenty-two years ago that urged the nation to develop a defense against Soviet intercontinental ballistic missiles, this nation has spent about \$150 billion in a vain attempt to construct such a defense.

President Bush, who in his 2000 campaign promised to deploy a national missile defense before the end of his first term, has spent nearly \$40 billion toward that goal since taking office. Indeed, one of his first acts after taking office was to double the size of Clinton's ballistic missile defense budget—from \$5 billion to \$10 billion—and withdraw from the anti-ballistic missile (ABM) treaty on the grounds that the agreement, negotiated by President Nixon, would preclude the United States from developing and deploying an effective missile defense. For 2006, the administration is seeking \$10.5 billion for the missile defense program.

Using the funds already allocated, the Bush administration has already placed eight missile interceptors at launch sites in Alaska and California and expects to have twenty-seven ground- and sea-based interceptors in place by the fall of 2005. If the 2006 budget is

approved, the administration would add sixteen more interceptors next year. Eventually, the Bush administration would like to deploy a large layered system that will include space-based interceptors. The total cost of the Bush plan over the next twenty years will exceed \$200 billion.

There are two problems with the Bush approach. First, the system is not ready for deployment. It has not been successfully tested in over three years. Moreover, to fulfill Bush's campaign promise, the Pentagon took a number of shortcuts that put schedule ahead of performance. The shortcuts included insufficient ground tests of key components, a lack of specifications and standards, and a tendency to postpone the resolution of difficult issues. Finally, there is increasing evidence that no matter how much money is spent and no matter how long we continue to test it, the system can never work effectively.

Second, even if missile defense were to work perfectly, and that is by no means assured, it is still addressing a low-priority threat. Enemy nations can deliver nuclear weapons in many cheaper, more reliable, and more accurate ways (for example, placing a nuclear weapon in a container rather than firing a long-range missile with a return address). The entire BMD program can be reduced from \$10.5 billion to \$3 billion. This would allow the Pentagon to continue testing NMD and provide sufficient funding for such TMD programs as the Patriot (PAC-3) program, which protects the troops in the field.

INVESTMENT PROGRAMS

During the 2000 presidential campaign, President Bush promised to transform the military from a force designed to fight the Soviet military on the plains of Europe to a smaller, more agile force capable of dealing with the challenges of the twenty-first century. As part of this transformation, then-governor Bush promised to cancel a large number of weapons systems designed to refight the Cold War. The wars in Afghanistan and Iraq demonstrated how inappropriate these Cold War relics are to fighting the Global War on Terrorism.

Yet since taking office, President Bush has cancelled only two of these systems, the Army's Crusader artillery system and the Comanche helicopter program. Consequently, a large portion of the \$160 billion investment program in the 2006 budget is still being spent on systems that deal with threats from a bygone era. Moreover, the cost of those systems will continue to grow in the future unless steps are taken now.

By 2011, the investment budget is expected to grow to about \$200 billion. But that figure is really a lowball estimate. The Bush administration has \$1.5 trillion worth of weapons systems in various stages of development. And that number assumes that the Pentagon can successfully meet its current cost goals for new weapon systems, something it has not been able to do in this administration. In the past four years alone, the top five weapon systems under development have increased in cost from \$281 billion to \$521 billion—an increase of \$240 billion, or 85 percent.

The Pentagon can reverse this trend by taking the following steps. First, cancel outright the following weapon systems: the F/A-22 Raptor fighter attack aircraft; the SSN 774 Virginia Class attack submarine; the DD(X) Destroyer; the V-22 Osprey Tilt Rotor transport aircraft; and the C-130J transport aircraft. Second, slow down the development of the joint strike fighter and the Future Combat System programs.

THE RAPTOR. The Raptor is the most unnecessary weapon system currently being built by the Pentagon. It was originally designed to achieve superiority over Soviet fighter jets that were never built. Back in 1985, the Air Force claimed it could build about 750 of these stealth fighter jets for \$35 million each or at a total cost of \$26 billion. Over the last twenty years, the total cost of the program has continued to grow even as the number of planes to be purchased has declined. Just a year ago the Air Force said it could purchase 275 Raptors for \$72 billion, or about \$262 million per aircraft. At the current time the Pentagon says it can buy 178 planes for \$64 billion. Assuming no further cost growth, this will mean spending about \$360 million per plane for an unnecessary aircraft, a \$100 million increase in the unit cost in just one year.

The performance of the current generation of Air Force fighters in Afghanistan and Iraq, as well as in the first Persian Gulf War, makes it clear that the Air Force already has the capability to achieve air superiority easily and quickly against any enemy or nation. To put it bluntly, the Taliban, al Qaeda, and Iraqi insurgents do not have jet fighters for the Raptor to conquer.

The Air Force has recognized this and has added a ground attack or bombing mission to the Raptor. But using the world's most expensive fighter, which travels at twice the speed of sound, for attacking ground targets is neither cost-effective nor technically feasible. Instead the Air Force should cancel the F/A-22.

To prevent an excess of aging in the aircraft fleet, the Pentagon should buy upgraded F-16, "block sixty" planes. Cutting the 2006 request for twenty-four Raptors will save \$4.3 billion. About \$1 billion of this could be allocated to purchasing thirty upgraded F-16s, resulting in a net savings of \$3.3 billion.

SSN-774 VIRGINIA CLASS SUBMARINE. Like the Raptor, the primary role of the Virginia Class submarine was to combat the next generation of Russian submarine which, we now know, will never be built. The Navy plans to buy thirty of these boats to replace the SSN-688 Los Angeles Class submarines at an estimated cost of \$94 billion, or more than \$3 billion for each submarine. For 2006, the Navy is asking Congress to appropriate \$2.6 billion for one boat and plans to build one vessel per year through 2011 and increase to two per year beginning in 2012.

As these Virginia Class submarines are built, the Navy plans to retire the existing Los Angeles Class submarines early—that is, before their normal service life is reached. Canceling the Virginia Class and refueling the reactors of the Los Angeles Class can save \$2.3 billion in 2006.

DD(X) DESTROYER. The proposed DD(X) is a new class of surface combatant that is substantially larger than any existing surface ship—that is, cruiser or destroyer—and is sized more for open ocean warfare against another naval superpower than its stated mission of providing fire support in crowded, dangerous, close-in coastal areas for forces ashore. The program, begun in 1996, has been beset by

technological and cost difficulties. The projected unit price has already risen from \$2.7 billion to \$3.3 billion and, at the current rate, the Navy will probably spend about \$20 billion for the first five ships. Canceling the program will save \$1.8 billion in 2006. Moreover, the Navy's Littoral Combat Ship, which is already under development and will cost \$12 billion for sixty ships, or about \$200 million each, is better suited for actual operations ashore.

V-22 OSPREY. The Pentagon began development of the Osprey, which takes off and lands like a helicopter and, once airborne, flies like a plane, about twenty years ago. It was originally supposed to be a joint service program, but the Army dropped support for the program in the late 1980s. In 1991, then-Secretary of Defense Richard Cheney canceled the program because of cost concerns and continuing technical problems.

Cheney's decision was overridden by Congress and, with the support of Presidents Clinton and George W. Bush, the Department of Defense has now spent \$15 billion on the program. Yet the Osprey is still in a test phase and nowhere ready for operational deployment. Moreover, several accidents, three of which resulted in fatalities, have occurred during this time. Finally, the cost of the program has risen from about \$30 billion to over \$50 billion.

Under current plans, the Pentagon intends to buy 458 of these aircraft at a cost of over \$100 million each. This assumes that the Pentagon can get costs under control and solve the technical problems. Even if this unlikely scenario comes to pass, the Osprey will be only marginally more capable than existing helicopters in terms of speed range and payload, yet cost at least five times as much. Canceling the V-22 and buying an equivalent number of existing helicopters will save \$1.6 billion in 2006.

C-130J. The Pentagon has already spent \$2.6 billion to purchase fifty C-130J transport aircraft. But none of these planes has met commercial contract specifications. It has 168 deficiencies that could cause death, severe injury, or illness. Consequently the C-130J cannot perform its intended mission of transporting troops and equipment into combat zones and can be used only for training. Secretary of Defense Rumsfeld is so concerned about the aircraft that he has considered canceling the program. And during the 1990s, when Congress had appropriated more funds for the aircraft than

the Pentagon requested, the Air Force contended it did not need the planes. And yet in 2006, the Pentagon is requesting \$1.6 billion to buy twelve more of these aircraft, and the Air Force now contends that it needs the plane. If the Air Force has its way, it would purchase one hundred planes at a total cost of \$16.4 billion, or about \$164 million per plane. Canceling the C-130J will save \$1.6 billion in 2006.

F-35 JOINT STRIKE FIGHTER. The F-35 joint strike fighter (JSF) is an ambitious program to build three related but slightly different aircraft for the Air Force, Navy, and Marine Corps. Current plans call for building 2,458 planes at a total cost of \$257 billion, or slightly more than \$100 million per plane.

This aircraft should be built. It is more cost-effective to produce the new JSF platform than to upgrade older systems, which by 2010 will need to be replaced. Moreover, since all of these variants use common parts and are manufactured on a single and large-scale production line, it is more affordable than allowing each of the services to develop its own unique aircraft. Finally, since so many allied countries are willing to purchase the fighter, the joint strike fighter will improve our interoperability with allied forces.

However, given the technological challenges of trying to build three fairly different planes from one design, the program should not be rushed. This country's overwhelming numerical and qualitative advantage in tactical aircraft will not soon be challenged. Therefore, the JSF program can afford to slow down and be reduced from the requested \$5.2 billion in 2006 to \$1.5 billion.

FUTURE COMBAT SYSTEM (FCS). The Future Combat System is an army program to build a family of eighteen combat vehicles and other systems, including unmanned aerial vehicles and sensors, which will be linked together into an integrated and very complex system. The army intends to begin equipping its first units with the future combat system in 2011, and eventually will equip about one-third of its troops at a cost of at least \$99 billion. The FCS is necessary for the Army because it will make units more deployable, lethal, and survivable. However, its current schedule is far too ambitious, given the complexity of the program. Of the network of fifty-three crucial technologies, fifty-two are unproven. Therefore, the \$3.4 billion requested in 2006 should be reduced to \$1 billion.

TABLE 18.2. CHANGES IN INVESTMENT PROGRAMS

WEAPON SYSTEM	FY 2006 REQUEST, IN BILLIONS	PROPOSED CHANGES, IN BILLIONS	SAVINGS, FY 2006 IN BILLIONS
BMD	10.5	3.0	7.5
F/A-22	4.3	1.0	3.3
SSN-774	2.6	0.3	2.3
DD(X)	1.8	0.0	1.8
V-22	1.8	0.2	1.6
C-130(J)	1.6	0.0	1.6
F-35	5.2	2.0	3.2
FCS	3.4	1.0	2.4
TOTAL	31.2	7.5	23.7

Source: Lawrence Korb, "The Korb Report: A Realistic Defense for America," Business Leaders for Sensible Priorities, Table 2, available online at http://www.sensiblepriorities.org/pdf/korb_report_finalb.pdf.



As indicated in Table 18.2, these savings would add up to \$23.7 billion, more than enough to pay for the programs needed in the homeland security area without raising taxes or adding to deficit, and would make us more secure in the process.

