Homeland security remains a house divided. Within the Department of Homeland Security (DHS), a weak, understaffed system exists to guide and integrate its twenty-two agencies, leaving them to work at cross-purposes rather than as a unified team. The collaborative relationship between DHS and its state and local partners is also in urgent need of repair. On an issue-by-issue, month-to-month basis, the effectiveness of their cooperation swings from excellent to disastrous. Government efforts to impose regulations on the private sector pose still deeper problems for building collaboration in homeland security.

These problems can be solved. Stanford University’s Center for International Security and Cooperation (CISAC) convened a forum of government and private sector leaders in homeland security to propose specific, practical steps that the next administration can take to strengthen collaboration in homeland security. This report summarizes their recommendations and proposes a number of structural changes within DHS to provide for better integration across agency lines and to help overcome the agency “stovepiping” that has plagued DHS since its inception. This report also examines how the next administration can restructure DHS to transform state and local collaboration into a sustained, department-wide priority.

Opportunities to strengthen collaboration between government and the private sector are especially promising. DHS has developed a new “sector partnership” model for collaboration in infrastructure protection that should be applied far more broadly. Rather than bringing private companies into the development of industry regulations at the back end of the process, when DHS officials had already made key decisions, the DHS sector partnership model begins that dialogue early so that consensus building proceeds from the outset. The next administration should adapt this model to strengthen collaborative planning, not only with the private sector but also with states and localities in a sustained and institutionalized way.

Section one of this report examines why the Bush administration has found it so difficult to build unity of effort: that is, coordination and cooperation by the disparate partners in homeland security to accomplish mutually agreed objectives. Section two summarizes how the Stanford forum participants assessed the current level of unity of effort within DHS and proposes additional steps for the next administration to pursue. Section three examines lessons learned from the Department of Defense (DOD) to strengthen unity of effort in homeland defense and security. Section four addresses unity of effort problems and solutions for states and
localities. Section five focuses on private sector issues. Section six offers additional recommendations to restructure the homeland security system.

I. WHAT IS UNITY OF EFFORT, AND WHY SHOULD WE WANT IT?

Participants agreed that a defining feature of the homeland security system is the lack of hierarchy between its components. As one participant put it: “Governors don’t work for the president, and mayors really, really don’t work for governors.” Successful strategies to build unity of effort across levels of government, and between government and the private sector, must take this absence of hierarchy into account. It would be especially mistaken to replicate the top-down, command-style approach to unity of effort that characterizes the Department of Defense (DOD). DOD is strongly hierarchical, in that everyone ultimately reports to the president in his capacity as commander in chief. The realm of homeland security is far less hierarchical, not only in the independently-elected status of governors and mayors as the chief executives within their jurisdictions, but also in the critical role played by private companies (which report to their shareholders).

State and local participants maintained that officials in DHS and elsewhere too often assume that unity of effort means states and localities should do as the federal government directs. As one participant noted, “Folks inside the Beltway think that unity of effort means the Feds get to tell everyone else what to do.” Consensus quickly emerged that effective unity of effort will only emerge when the “stakeholders” in homeland security – federal, state, local, and private sector – help formulate the goals that the stakeholders will jointly pursue and reach consensus on the means to achieve them.

Participants noted that any such inclusive system will inevitably be more cumbersome and difficult to manage than a top-down system. One participant argued that at the federal level alone, so many departments already contribute to homeland security decision-making that the resulting policy process is like “a big goulash, a gumbo. There’s nothing clear about it anymore, and everything I do has to be a compromise with 1,000 other federal guys.” Integrating states, localities, and the private sector more fully than is currently the case will multiply those problems of policy coordination. Yet, there was broad consensus that building a more inclusive policymaking system is essential to sustain homeland security programs and capabilities over the long haul. Much of the remainder of the forum focused on how to restructure the homeland security system accordingly, especially in those realms where progress to date has been inadequate – and even retrograde.

From the outset, however, forum participants also noted that two overarching problems impede efforts to achieve unity of effort. First, fundamental disagreement persists over the definition of homeland security and the missions it should comprise, with destructive effects on institutional integration. Participants noted that the 2002 U.S. Homeland Security Strategy defines homeland security exclusively in terms of terrorism, and excludes natural hazards preparedness from missions encompassed by the term; the October 2007 Homeland Security Strategy retains that definition. A number of participants argued that by continuing to define homeland security exclusively in terms of terrorism, the new strategy exacerbates the difficulties of building unity of effort at federal and state levels. One participant, for example, noted that there was a continuing “war” in California between the
bureaucracies responsible for emergency management (which includes responsibilities for natural hazards) and homeland security. Similar conflicts have emerged within DHS in terms of the organizational status of FEMA within the department and the relative importance of natural hazards in DHS planning scenarios and resource allocation. A number of participants argued that bringing natural hazards into the core definition of homeland security will be a prerequisite for progress in building unity of effort.

A second, related problem lies in the priorities that ought to drive homeland security. Drawing on the arguments made by Stephen Flynn in *The Edge of Disaster* and Charles Perrow in *The Next Catastrophe*, many participants argued that homeland security policymakers should focus more heavily on threats apart from terrorism, including the risks of industrial accidents and breakdowns in U.S. critical infrastructure. Other participants disagreed. Restructuring the policymaking process to strengthen unity of effort will not diminish such disagreements over homeland security priorities. On the contrary: making the process more inclusive, so that all the key partners in homeland security can help determine their shared objectives, will bring a more diverse set of perspectives and priorities to bear on U.S. policy than is currently the case. Disagreements that are currently resolved (or at least papered over) by executive fiat would come out into the open. The benefit of a more inclusive system, of course, is that the objectives that do emerge from the process will have buy-in from those responsible for implementing the goals. Indeed, given the lack of hierarchy in the homeland security system, such buy-in will be essential if the next administration hopes to sustain homeland security capabilities for the long haul.

II. UNITY OF EFFORT IN DHS: PROGRESS AND REMAINING CHALLENGES

Participants concurred that the next administration should do much more to integrate DHS’s twenty-two component agencies. A few participants said the department had become so dysfunctional, and so destructive to agency functions, that it should be dismantled. Many others argued that breaking up DHS would create so much “organizational churn” that homeland security operations would be damaged for years to come. Nevertheless, participants agreed that within the existing department framework, significant opportunities exist to strengthen unity of effort.

- *Re-establish an Integrated Staff Organization.* A number of participants criticized current DHS leadership for dismantling the operational integration staff (I-Staff) that Secretary Ridge established in December of 2003. Ridge created a formally structured I-Staff to help him provide unified strategic direction to DHS’ twenty-two component agencies, and help break down the organizational divides that would otherwise persist between them. Rather than have each agency report in a “stovepiped” fashion to the secretary, with each developing its own budgetary and programmatic proposals in isolation, the I-Staff was supposed to integrate such efforts to meet overall department priorities by providing centralized guidance on strategic priorities, planning, doctrinal development, and training. No
equivalent staff structure exists today, and participants argued that stovepiping flourishes as a result.

A few participants warned that too much integration would be a bad thing, however. The integrated staff should give DHS agencies guidance on the outcomes to be achieved; agencies should be left with considerable latitude to decide how best to accomplish those goals.

Other participants noted that Congress had gone along with the dismantling of Ridge’s integrated staff, and would be likely to resist future efforts at integration. Committee oversight of DHS is extraordinarily fragmented; the committees that have retained jurisdiction over component agencies have a vested interest in preserving the autonomy of those agencies. Agency leaders, in turn, have “gone around” DHS leaders to advance their own objectives, including helping scuttle progress towards the I-Staff and DHS regional office structure that Ridge envisioned.

• **Build a much stronger policy staff.** Participants argued that from the inception of DHS, the department’s policy planning staff has been extraordinarily weak, especially in comparison with departments such as DOD. Participants argued that the changes made under DHS’ Second Stage Review did little to alter this situation. One consequence for unity of effort is that, while there has been what one participant called a “bloatation” of strategies by the Homeland Security Council, little doctrine has been built to guide and coordinate federal, state, local, and private sector operations. A number of participants argued that this lack of doctrine is an especially significant shortfall in homeland security to date, and that the next administration will need to focus on doctrinal development. To make that possible, however, the administration will have to strengthen the doctrine development and planning capabilities of DHS. At least as important, the administration will also need to help build the planning capabilities of DHS partners (local, state, and non-DOD federal) and integrate the department’s partners into the planning process in a way that goes far beyond the current system.

• **Leverage the non-security functions of DHS agencies more effectively.** Some participants argued that the current administration has erred in attempting to build homeland security capacity by creating terrorism-specific plans and capabilities from scratch. A more leveraged approach would be to take advantage of the non-security expertise of DHS agencies in regulatory, safety, and other realms, and apply that expertise to homeland security requirements. The opportunities to utilize the Coast Guard in this fashion are especially notable, but possibilities exist in other agencies as well. A strategy of this kind will help bridge the divide between security and non-security missions in DHS and provide for better unity of effort across the agencies and functional directorates of DHS (e.g., the Transportation Security Administration).
III. JOINTNESS IN THE DEPARTMENT OF DEFENSE: LESSONS LEARNED FOR HOMELAND SECURITY

Forum participants noted that the non-hierarchical political environment that characterizes homeland security creates problems for unity of effort entirely different from those within DOD. In particular, participants agreed that lessons learned from DOD efforts to build “jointness” across service lines would have limited applicability to homeland security, since many key organizations in the latter realm report to governors and mayors rather than to the president.

Discussions focused on the problems that the Department of Defense faces in contributing to homeland security and partnering with other federal agencies and states and localities. Two issues were of special concern to participants:

- **Rethink the split between homeland defense and homeland security.** A number of participants criticized the Bush Administration for building a distinction between homeland defense and homeland security, and argued that the resulting split is guaranteed to impede unity of effort between DOD (responsible for the former) and DHS (responsible for the latter). One participant argued that homeland defense versus homeland security is “a distinction without a difference,” and that the next administration should eliminate the term homeland defense.

- **Heighten the priority of civil support relative to homeland defense.** NORTHCOM has tended to treat homeland defense as its top priority and civil support as a secondary focus for resourcing and policy development. Participants argued that those priorities ought to be reversed, and that doing so will facilitate closer integration between the command and the federal, state and local entities with which it needs to partner for disaster response support operations.

IV. STATES AND LOCALITIES

In the summer of 2007, a breakdown was underway in the relationship between DHS and states and localities. That breakdown was most evident in the evolution of the draft National Response Framework (NRF), which DHS was drafting to replace the National Response Plan. Forum participants noted that, in early 2007, DHS made a concerted effort to involve state and local representatives in the drafting process. After providing their input, those representatives were shocked when DHS issued a draft report in August 2007 excluding a number of their most important recommendations. DHS took those concerns into account in drafting the final NRF of January 2008. For the state and local participants in the forum, however, the NRF process exemplified the underlying fragility and weakness of their collaborative relationship with DHS.

One participant argued that over the past three years, there has been a “steady deterioration” in the links between DHS and its state and local counterpart organizations. Another participant said that “DHS has squandered years of goodwill with states and localities,” because the department has been “locking them out of decision-making. Now, we just look at DHS as a federal teat.” Other participants maintained that “the department just pays lip service” to the importance of state and...
local input on policy issues. The failure of DHS to accept input on the 2007 draft National Response Framework was cited as a case in point. As one participant summarized the situation (with perhaps a bit of hyperbole), “There is no relationship between the federal government and states and localities.”

Participants from the federal government argued that any administration would have faced difficulties in achieving the collaborative goals that states and localities seek. The sheer number of states and local jurisdictions, and the diversity of positions they represent, complicate federal efforts to incorporate their views in planning and programming. As one federal participant noted, “It is intrinsically difficult to coordinate with a hundred national associations, each state and territory, as well as major urban area and other jurisdictions, no matter who is in charge of DHS.”

State and local participants are especially unhappy with the flow of intelligence from DHS. The department has become “irrelevant” to states and localities as a source of intelligence, because that intelligence lacks timeliness and adds so little value to local terrorism prevention efforts. Another participant noted that “the stream of intelligence from DHS is useless,” and that FBI-led Joint Terrorism Task Forces remained too focused on criminal activity and investigations (versus the intelligence gathering and analysis that is critical to terrorism prevention). As a result, localities were building their own intelligence systems to compensate for the inadequacies of federal intelligence support.

Proposals to improve unity of effort between federal, state, and local governments fell into two categories: changes within DHS and changes at the state and local level to lessen their dependence on DHS (and counter the department’s status as “the 800-pound gorilla,” as one participant characterized it).

- **Drastically alter the criteria for selecting DHS leaders.** Participants agreed that the next administration should appoint far more senior officials to DHS “who are fluent in state and local government” and who are predisposed to accept state and local input on policy issues.

- **Re-establish the DHS Office of State and Local Government Coordination and Preparedness (OSLGCP).** The next administration should also make structural changes to reverse the collapse of relations between DHS and its state and local partners. A number of participants argued that under Governor Ridge, OSLGCP had provided a relatively effective means by which states and localities could provide input to senior DHS leaders. Chertoff subsumed that office under DHS’ Grants and Training organization, and (according to one participant) “systematically dismantled” the coordination activities that the office had previously provided. An Office of State and Local Government Coordination should be reestablished with a direct reporting relationship to the secretary of DHS. Reconstituting that office, however, would not obviate the need for DHS components to build their own collaborative relationships with appropriate state and local representatives.

- **Improve the way that states and localities select their representatives to provide input.** One participant noted that, at present, “DHS tries to ‘cherry-pick’ governors, mayors, and emergency managers to
say, ‘We agree with what you’re proposing.’” The associations that represent states, localities, and other non-federal partners in homeland security need to organize themselves to counter such tactics. Federal participants had a different reason to support such reorganization: that is, to have states and localities attempt to reach consensus at their level, rather than present DHS with myriad conflicting positions on homeland security issues.

- **Restructure DHS grants to states and localities.** A number of participants thought that the current DHS grant system fosters competition between localities and is destructive to building unity of effort across jurisdictional lines. The grant process should be restructured to facilitate regional cooperation, not undermine it. Consensus emerged that grants should also place more of an emphasis on building state and local planning capacity, rather than emphasizing equipment purchases. Participants also expressed support for federal funding of state and local staff positions to provide regional cooperation, and for funding to strengthen the Emergency Management Assistance Compact (EMAC) system. The latter effort could be especially helpful in reducing state and local dependence on the federal government in all but the most devastating disasters. Some participants did worry that, taken to an extreme, federal support for state and local staffing would conflict with the need for states and localities to be responsible for their own homeland security operations.

- **Refine risk-based strategies for grant funding.** One participant noted that in DHS, “I don’t think we do much risk management with grants – we do vulnerability management. Awarding a grant isn’t going to lessen the risk of an attack or hurricane, but it is going to reduce our vulnerability to those threats. We need a more sophisticated appraisal of what we are doing, why we are doing it, and what effect we want to accomplish.” Participants debated a number of risk-based strategies that the next administration might use to guide the allocation of federal preparedness grants. One approach focuses on defending against the most catastrophic threats, which include smallpox, anthrax, botulinum toxin, nuclear radiation, and pandemic flu. Another strategy funds a minimal level of preparedness across the United States and allocates funding beyond that level to specific jurisdictions on the basis of risk and the mix of potential targets within the jurisdiction. Many participants agreed that national response and recovery is best ensured when all regions have attained at least a minimum capacity, because areas not affected by a disaster can provide a “surge capacity” for other areas in times of disaster.

Other participants argued that the next administration should rethink the core objectives for using grant assistance to build unity of effort. “The need for unity in homeland security is now qualitatively different from in the past. Our past conceptions of unity have flowed from our preoccupation with, and deep experience in, incident management. We need to move beyond that preoccupation. We also need to think more in grant assistance about the problem of sustaining capabilities, rather than just building them, and begin to ask the question: how much is enough?”
V. THE PRIVATE SECTOR

The discussion of building unity of effort between government and the private sector was notable in three respects. Participants offered new insights into the problems of government regulation in the homeland security realm. Participants also shared lessons learned from ongoing regulatory initiatives and discussed ways in which industry is taking the lead to build collaboration. Most important, the discussion raised a number of opportunities for the next administration to apply these lessons across a broad range of homeland security challenges.

The private sector is critical to unity of effort in homeland security, of course, because private industry owns so much of U.S. critical infrastructure and possesses data critical to terrorism prevention. The potential for conflict between government and industry is equally clear: that is, between the public good of homeland security and private economic goals. In particular, participants noted industry concerns that government-mandated protective measures can make them less competitive in the global economy, and that liability issues can pose serious risks unless taken into account in regulatory design or statutory protection. Participants also noted that there is often an investment gap between what businesses think is cost-effective to spend on protection and prevention, and what government officials believe is necessary to secure privately-held infrastructure from terrorist attack or exploitation as a means to deliver weapons. Some participants argued that the electric power grid offers a prime example of where industry has invested far too little in building system resilience. Other participants disagreed, highlighting how difficult it will be to reach consensus on the appropriate level of security-oriented investment in particular infrastructure sectors, and on the need for government to either require greater investment by the private sector or use government funds to underwrite such efforts.

Protective measures can occasionally help an industry’s bottom line. For example, the Transportation Security Administration (TSA) persuaded airlines that installing security cameras in baggage handling areas would pay for itself by reducing theft. Private economic interests can also reinforce private sector incentives to strengthen homeland security. One participant noted that the Boeing Company had strong incentives to perform effectively in executing its baggage screening contract for TSA because if that screening system broke down, “Boeing’s industry customers would rip it apart.” Private sector efforts to ensure continuation of operations (COOP) provide another realm in which industry incentives will often coincide with homeland security goals. In other cases, however, Congress and/or DHS will push to impose regulations on industry that are more costly, or more disruptive to business practices, than the industry would prefer.

Participants discussed three strategies to help secure industry from attack, which might be considered “layers in a cake.” The first layer is that of encouraging the private sector to do more to secure itself. One critical goal here is “getting the outliers in an industry to get in line,” in part by having industries exert peer pressure on the companies that are laggards. The second layer consists of helping states and localities partner with industry. Until recently, virtually no planning had been done between industry and local public safety agencies to prepare for protection and prevention activities (and in many cases, not enough for response operations as
DHS and its state and local partners were also “starting from scratch” in designing grant programs that would build collaborative relationships between those partners and the industries in their midst. Ongoing progress in those efforts needs to be continued in the next administration.

The third layer is most problematic: that is, imposing regulations on industry. One participant noted that the most serious problems for DHS in the regulatory realm lie with those industries that have a long history of being regulated. For those industries, “regulation is a bad word,” and they have carried over to DHS the adversarial relationship they had with their previous regulators. Especially in the safety realm, the attitude of “us versus them” is deeply ingrained. If that attitude is transferred to the homeland security realm, “we are doomed.” Many (though not all) participants agreed that the next administration should adopt the following guidelines to assist regulatory design:

- **Avoid “one size fits all” approaches to regulation.** A participant noted that “while it’s hard for the Feds to deal with the diversity of states and localities, it’s even tighter to deal with the diversity of the private sector.” The history of the Transportation Worker Identification Credential (TWIC) program exemplifies the failure of the early DHS approach to industry regulation, in which officials adopted a “one size fits all” approach. The history of regulatory efforts in food safety and environmental controls also reveals that broad, sector-wide industry regulations will often create unnecessary problems for compliance by specific companies and facilities. Sector-wide regulations also frequently prompt industry to litigate or lobby Congress to kill the rules in question. Regulations should be narrowly targeted to take into account variations in industry characteristics while still providing for the prevention and protection objectives that government seeks. This targeted approach will require that government rely on industry to provide information on vulnerabilities and protective opportunities as regulations are drafted. The history of U.S. regulatory efforts also suggests that, in developing targeted regulations, industry should be asked to provide such information early in the drafting process rather than at the back end when key decisions have already been made. Environmental and occupational safety regulations have become increasingly data-driven; the next administration needs to build on the progress DHS has made in applying a similar data-driven approach to critical infrastructure protection.

- **Innovative analysis and data collection mechanisms must be developed to assess regulatory costs and benefits.** A particularly important realm for incorporating data into regulatory design lies in measuring the benefits and costs of homeland security regulations. On the benefits side of the equation, the uncertainty of whether a terrorist attack on a facility will occur— and succeed— complicates the problem of assessing what a given regulation will accomplish. That benefits calculus should also be extended to take into account the value of protective measures for guarding against industrial accidents or natural hazards. It is on the cost side of the ledger, however, where the greatest opportunities for progress exit.
The interaction between the aviation industry and TSA exemplifies these opportunities. In the aftermath of 9/11, industry leaders were concerned that government regulations to harden the industry from further attack would kill it outright. To head off that risk, industry provided TSA with a cost model of the industry that was far more detailed than the government had ever possessed. Yet, unless those cost models also included sensitive proprietary information on profitability and costs, they would remain inadequate as a guide for regulatory efforts. Industry leaders worried that the federal government would leak that information. In response, industry partnered with TSA to create the U.S. Commercial Aviation partnership, which aggregates sensitive proprietary information in a way that protects the companies that provide it while still offering a sound basis for regulatory design. The next administration should consider applying this partnership model to other sectors where inadequate cost modeling continues to impede regulatory design.

• **Build on the Sector Partnership model.** In implementing the National Infrastructure Prevention Plan, DHS has made significant progress in institutionalizing a collaborative process by which industry and state and local perspectives are brought to bear on regulatory issues. A number of participants suggested that the next administration should apply the Sector Partnership model to other realms of homeland security. In particular, participants noted that rather than bringing stakeholders into the regulatory development process at the back end, when DHS officials had already made key decisions, the sector partnership model brought industry into the process early on so that consensus-building could proceed from the outset. DHS ought to follow a similar approach to get state and local buy-in for homeland security priorities and programmatic objectives beyond critical infrastructure protection.

The General Accountability Office (GAO) has recently reached the same conclusion. On November 1, 2007, the GAO suggested to Congress that federal agencies make better use of DHS’ critical infrastructure coordinating councils to strengthen preparedness for pandemic flu. The GAO found that such councils have shown great promise in bringing together multiple stakeholders from all levels of government and the private sector to build consensus on objectives and functional responsibilities. Further research is needed to explore how the lessons learned from infrastructure councils might be applied more broadly and – in particular – whether this approach might help bridge the widening gaps between DHS and states and localities in setting homeland security goals.

• **Consider vulnerability reduction by reducing industry concentration.** Some participants argued that the private sector has economic incentives to concentrate facilities and infrastructure sector components that, for the sake of security, should be dispersed. Concentration has long been a public safety problem in the chemical industry. In addition, however, concentration is accelerating across a range of other infrastructure sectors, including agriculture, telecommunications, electric power, and
banking. Reducing industry concentration will be costly in many of these sectors, as would physically separating vulnerable facilities and transportation links from population centers. Yet the security benefits of doing so would be immense, and may be difficult to achieve through less radical solutions.

VI. ADDITIONAL RECOMMENDATIONS

A number of participants argued that the next administration should focus on the risk that civil society is becoming disaffected from homeland security. One participant argued that the public is becoming increasingly skeptical of the value of and need for homeland security programs. Others argued that despite programs such as Ready.Gov., the current administration has not effectively engaged the public in becoming a partner in homeland security, and in taking responsibility for preparedness within their own homes.

Participants agreed that the fragmented structure of congressional oversight of homeland security contributed to the difficulty of achieving unity of effort, especially in interagency relations across the federal government. Little progress seems likely to occur towards centralization of oversight, however, due to the ability of committees to protect their oversight “turf” from proposals for change. Change might be more practical in the Homeland Security Council (HSC). A number of participants argued that it was destructive to unity of effort to have a separate HSC, and that a Council should be combined with the National Security Council to form a single, integrated advisory body. Other participants argued that homeland security issues would inevitably be given short shrift in any such unified arrangement. Participants agreed, however, that the Homeland Security Council needed to avoid involvement in operational issues and should focus on the sort of policy coordination functions equivalent to those performed by the Council of Economic Advisers.

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