

November 2002

# COMBATING TERRORISM

## Funding Data Reported to Congress Should Be Improved





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Highlights of GAO-03-170, a report to the Subcommittee on Technology, Terrorism and Government Information, Senate Committee on the Judiciary; the Senate Select Committee on Intelligence; and the House Committee on the Judiciary.

### Why GAO Did This Study

Congress responded to the attacks of September 11, 2001, with dramatic funding increases to combat terrorism. Even before these attacks, Congress was concerned about increased funding in this area, and based on findings from a 1997 GAO report, mandated that the Office of Management and Budget (OMB) report annually on funding to combat terrorism. In this review, GAO was asked to analyze such funding trends, describe difficulties in coordinating combating terrorism budgets, assess data reported to Congress, and describe the executive branch's efforts to maximize the effective use of combating terrorism funds.

The review relied on OMB's definition of "combating terrorism" to include both homeland security and overseas combating terrorism missions.

### What GAO Recommends

GAO is making recommendations to improve OMB's annual report, including collecting and reporting obligation data. It also recommends improvements to performance measures in strategies and performance plans related to combating terrorism.

In comments on a draft of this report, OMB expressed concern about collecting obligation data. Other agencies either concurred with the recommendations or made no comment.

### What GAO Found

GAO calculated, on the basis of OMB's data, that there was a 276-percent total increase in funds designated to combat terrorism during fiscal years 2001 and 2002 (as reported in OMB's annual reports to Congress for 2001 and 2002, respectively). This increase includes a 106-percent increase from the post-September 11 redefinition of combating terrorism to include homeland security activities such as aviation and transportation security, and a 170-percent increase due to funding increases.

Difficulties in coordinating budgets to combat terrorism stem from the variety of missions involved and the fact that activities related to combating terrorism are often funded through budget accounts that also provide funding for other activities. Various approaches have been used to address these challenges. The process for preparing the budget for fiscal year 2003 was characterized by collaboration between OMB and the Office of Homeland Security that resulted in the budget priorities included in the President's budget for fiscal 2003.

Crosscutting funding data reported to Congress, however, do not adequately support congressional oversight. An OMB annual report summarizing funding for combating terrorism has had limited utility for decision makers because it was issued late in the congressional decision-making process and did not include data on obligations or on duplication in programs for combating terrorism. OMB plans to analyze areas of duplication as part of the preparation of the budget request for fiscal year 2004. If completed, this analysis will enable OMB to comply with the legislative mandate to include such an analysis in its annual report.

While the executive branch has established some national strategies important to coordinating the effective use of funds for combating terrorism, it faces challenges in measuring its progress. Although the strategies provide an important first step, they provide neither clearly defined federal and national performance goals and measures for assessing progress, nor set clear funding priorities. Lacking such measures and priorities, it is also difficult to assess whether funding increases are being allocated to the highest-priority programs.

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## Abbreviations

ATF	Bureau of Alcohol, Tobacco and Firearms
DHS	Department of Homeland Security
DOD	Department of Defense
FBI	Federal Bureau of Investigations
FEMA	Federal Emergency Management Agency
GAO	General Accounting Office
HHS	Department of Health and Human Services
NSC	National Security Council
OHS	Office of Homeland Security
OMB	Office of Management and Budget
PART	Program Assessment Rating Tool



United States General Accounting Office  
Washington, D.C. 20548

November 26, 2002

### Congressional Requesters

In the aftermath of the terrorist attacks on September 11, 2001, the administration and Congress raised the federal government's emphasis on combating terrorism through increased appropriations, organizational changes, and legislative proposals to establish the Department of Homeland Security. While the President's budget request for fiscal year 2003 elevated the importance of combating terrorism by making homeland security one of the administration's top priorities, funding to combat terrorism had been steadily increasing even prior to the September 11 attacks.<sup>1</sup> Understanding funding trends as well as the budget processes used to make resource decisions will be key to developing future funding initiatives, particularly as Congress considers funding priorities as well as the implications of establishing the proposed Department of Homeland Security. At the time we finalized this report, the Department had not been established.

On the basis of findings from a 1997 GAO report, Congress required the Office of Management and Budget (OMB) to report annually on funding to combat terrorism. You requested that we review such funding for fiscal years 1998 through 2003. In September 2002, we briefed staff in your offices on our preliminary findings. As agreed with your offices, this report

- provides a trend analysis of funds used to combat terrorism,
- describes the difficulties in coordinating budgets to combat terrorism across agencies and the efforts to address them,
- assesses the adequacy of crosscutting data on funding to combat terrorism reported to Congress,
- discusses the efforts to identify and minimize potential areas of duplication, and

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<sup>1</sup>In this report, "combating terrorism" includes both homeland security (activities within the United States) and overseas combating terrorism (activities outside the United States excluding direct military action). This is discussed further in the methodology section.

- 
- describes the challenges faced by the executive branch in maximizing the effectiveness of these funds.

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## Results in Brief

The upward climb of federal government funding to combat terrorism in the years prior to the attacks of September 11, 2001, was dwarfed by the dramatic funding increases that occurred afterward. These latter increases occurred as budget priorities quickly shifted to missions for combating terrorism and as the scope of combating terrorism was redefined to include homeland security missions, such as border and transportation security. As a result, funds designated for combating terrorism increased 276 percent from fiscal year 2001 through fiscal 2002 (106 percent due to changes in definition and scope, and 170 percent due to funding increases), as reported in OMB's annual reports to Congress on combating terrorism.<sup>2</sup> In the same time frame, the Department of Defense and other national security agencies received the largest share of funds for combating terrorism (over 30 percent), although the Department of Health and Human Services' (HHS) and the Federal Emergency Management Agency's (FEMA) shares of such funds have risen substantially. There has also been a change in priorities among mission categories for combating terrorism as defined by OMB. Since fiscal year 2001, funding priorities have shifted from the physical security of government and the national populace and investigative, intelligence, and offensive activities to research and development related to combating terrorism and preparing and responding to terrorist incidents.

The executive branch is faced with several difficulties in coordinating funding to combat terrorism, and approaches to such coordination have varied. The difficulties include (1) the large number of agencies involved; (2) the wide variety of missions represented, including intelligence, law enforcement, health services, and environmental protection; and (3) the global nature of missions for combating terrorism. In addition, funding for missions for combating terrorism is often subsumed in budget accounts that provide funding for other activities. Over the past 4 years, various approaches to coordinating budget requests prior to and during OMB's review have been employed to address these challenges. For example, during the fiscal year 2001 and 2002 budget processes, interagency working groups led by OMB and the National Security Council (NSC) made

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<sup>2</sup>See *Annual Report to Congress on Combating Terrorism*, July 2001, and *2002 Report to Congress on Combating Terrorism*, June 2002.

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recommendations prior to the agencies' formal submissions to OMB. During the period immediately following September 11, 2001, the greatest attention was given to those activities for combating terrorism related to homeland security. As a result, coordination for the budget process for fiscal year 2003 was primarily between OMB and the newly created Office of Homeland Security (OHS). Together, these offices set priorities that resulted in the budget initiatives for homeland security included in the President's budget for fiscal year 2003. Efforts to coordinate the budget request for fiscal year 2004 are characterized by uncertainties with agencies' development of budgets in the face of the evolving status and structure of the proposed Department of Homeland Security and delays in final appropriations for fiscal 2003.

Crosscutting funding data reported to Congress do not adequately support congressional oversight. OMB's annual reports to Congress on combating terrorism, which summarizes proposed spending, is not as useful a tool as it might be for effective congressional oversight, partly because (1) recent reports have been published well after the March 1 deadline and (2) the report does not include data on obligations. Although legislation mandating OMB's report does not require the presentation of data on obligations for all programs and activities for combating terrorism, we believe that such data are important for understanding the current status of funding and establishing future funding priorities. Also, a common structure to categorize combating terrorism activities among key governmentwide reports is lacking, and the categories cannot be linked to appropriations accounts—the structure used by Congress to fund programs and activities. Consequently, there is no transparency for making policy choices and trade-offs between combating terrorism and other activities. OMB has taken an important step to improve the data used to develop its fiscal 2004 budget request to Congress by requiring agencies to identify funds for combating terrorism by account—the level at which funds are appropriated—in OMB's centralized budget database (known as the MAX database). However, the guidance did not require agencies to report on obligations.

Potential duplication of effort has been identified in our past reviews, and the administration has made efforts to minimize such duplication. We have found in the past that there is a risk of duplication in areas such as assistance to state and local governments, information management and technology, and research and development, and we recommended that a focal point for combating terrorism be established to better coordinate such programs. In addition, we reported that OMB has not included an

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analysis of potential duplication as part of its annual reports to date, as required in the 1997 legislation establishing the reporting requirement. In the wake of the September 11 attacks, the President established focal points for homeland security and combating terrorism overseas—the Assistant to the President for Homeland Security in OHS and the Director for Combating Terrorism within the NSC, respectively. Furthermore, the administration anticipates that the proposed Department of Homeland Security would address some areas of duplication. However, the proposed Department will exclude some agencies with homeland security missions and, therefore, could not address all areas of potential duplication without interagency coordination. OMB has stated that it plans to review the budget proposal for fiscal year 2004 to identify areas of duplication. Such an analysis, if reported, would increase the visibility of potential duplication areas to Congress.

While the executive branch has established some national strategies important to maximizing the effective use of funds for combating terrorism, it faces challenges in measuring progress against its goals. The administration has published two of three national strategies intended to address the terrorist threat both domestically and internationally. The National Strategy for Homeland Security provides an important first step in establishing strategic objectives and mission areas, and proposes to consolidate the administration of these functions in the proposed Department of Homeland Security. The strategy also directs Departments and agencies to create performance measures by which progress can be measured and future resources allocated. However, at the federal and national levels, for the most part, the strategy does not provide performance goals and measures to assess progress and improve preparedness, nor does it set clear funding priorities among and within the various initiatives. In the absence of clear performance goals, measures, and funding priorities, it is difficult to assess whether funding increases are being allocated to the highest-priority programs. Notwithstanding incomplete guidance from the national strategies, some Departments and agencies have either updated or are in the process of updating strategic and performance plans to reflect priorities for combating terrorism. For combating terrorism overseas, the President issued the *National Security Strategy of the United States of America*, but the *National Strategy for Combating Terrorism* is still pending.



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## Conclusions and Recommendations for Executive Action

Congressional decision makers require governmentwide information on funding for combating terrorism (including obligations) in a timely fashion. In preparing the fiscal year 2004 budget request to Congress, OMB is requiring agencies to provide information on combating terrorism (including homeland security) so that funding for these activities can be identified by account—the level at which funds are appropriated. If made available to Congress, this information should greatly improve the transparency of funding requested for combating terrorism programs and activities within Departments and across the federal government. Although this is an important first step, OMB has not required agencies to separately identify obligations for relevant programs and activities. Without obligation information, it is impossible to know (1) how much funding from prior years is still available to potentially offset new requests, (2) whether the rate of spending for a program is slower than anticipated, or (3) what the level of effort (i.e., the size of the program) is for a particular year as well as for a program over time.

OMB's annual report on funding for combating terrorism summarizes funding data for the current and next fiscal years, and is supposed to be issued by March 1 of each year and identify duplication of efforts. To be a useful tool, we believe it should also include obligation data for the reasons described above. However, the report has had limited utility because it (1) has been issued in the late spring and summer—late in the congressional budget decision-making process, (2) does not include data on obligations, and (3) neglects to identify areas of duplication.

It is important for the government to establish federal- and national-level goals and performance measures to maximize the effectiveness of funds to combat terrorism. The administration has made progress in publishing national strategies to address priorities for combating terrorism, but these strategies do not include governmentwide performance measures. Establishing these priorities will be critical for individual agencies in aligning their strategic and performance plans, including performance measures, with governmentwide strategic direction and guidance.

On the basis of these conclusions, we make the following recommendations.

- To help Congress obtain timely information on spending that supports the President's annual budget request for combating terrorism, OMB should require agencies to provide information on obligations in its

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MAX database—the database used by OMB to produce the President’s annual budget request.

- To improve the usefulness of OMB’s *Annual Report to Congress on Combating Terrorism*, OMB should
  - publish the report by the required March 1 deadline to provide information for congressional budget deliberations;
  - include obligations as reported in the MAX database; and
  - include, as required by Congress, an analysis of areas where overlap in programs could result in unnecessary duplication of effort.
- To help maximize the effective use of funds for combating terrorism,
  - OHS and NSC should include national-level, as well as federal governmentwide, performance measures as a supplement to existing strategies and in future revisions to strategies for homeland security and the combating of terrorism overseas and
  - OMB, in conjunction with OHS and NSC, should direct relevant Departments to develop or enhance performance objectives and measures for combating terrorism in alignment with performance measures in national strategies, and include performance measures for combating terrorism in the governmentwide plan that OMB is required to produce annually.

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## Agency Comments and Our Evaluation

In October 2002, we requested comments on a draft of this report from the Director of OMB; the Secretaries of Defense, Energy, Health and Human Services, State, Transportation, and the Treasury; the Attorney General of the United States; the Administrator of the Environmental Protection Agency; and the Director of the Federal Emergency Management Agency. In addition, copies of the report were made available to OHS and NSC for their comment.

In oral comments on the report, OMB staff questioned whether the value added of collecting obligation data related to combating terrorism would be worth the effort. While OMB staff acknowledged that OMB examiners use obligation data in assessing the appropriateness of agency budget requests overall, they felt that budget authority data provide the most

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insight into combating terrorism programs and facilitate follow up on areas of concern. Furthermore, they explained that, in the MAX database, obligation data are collected for specific programs that correspond to major agency activities, and these activities may or may not line up with combating terrorism programs. Aligning these activities with combating terrorism programs would require splitting up agency activities in the MAX database, which are familiar and useful, into terrorism-specific activities. Therefore, OMB staff suggested these obligations would more likely have to be collected and/or displayed through a parallel process outside the MAX database. Targeting such an effort on obligations would not be the most productive way to provide more insight into combating terrorism priorities or to enhance the value of the *Annual Report*, according to the officials.

We agree with OMB that budget authority data provide valuable insights into programs. However, we disagree that obligation data related to combating terrorism also are not worth collecting and reporting. First, we believe that the very reason why OMB examiners find the obligation data useful to them is the same reason that congressional decision makers would find the data useful—obligation data gives decision makers an insight as to whether programs are being run according to plans established by their budget projections. We acknowledge that collecting these data would pose an additional workload on both OMB and agency budget officials, but believe that such a workload is warranted in light of the high priority placed on this issue. OMB itself gave the issue high priority when it required agencies to report on budget authority data according to combating terrorism categories, including homeland security. Furthermore, the creation of the Department of Homeland Security will make this type of detailed information more important, as the Executive Branch tries to integrate 22 agencies into the Department. Finally, for some of the programs related to combating terrorism, the law establishing the reporting requirement already requires OMB to report obligation data.

We also received comments from other Departments and agencies. DOD concurred with our recommendations to OMB and its comments are reprinted in appendix I. The State Department also concurred with our recommendations. In its comments, the State Department cited its efforts in various coordination activities and its plans to improve its performance planning and measurement. As an example, the Department established the Office of Strategic and Performance Planning to improve strategic plans and ensure that funding is linked to such plans. The State Department's comments are reprinted in appendix II. FEMA concurred with our

recommendations in oral comments to the report. OHS and NSC did not provide comments on our recommendations to them. The remaining Departments and agencies informed us that they had no substantive comments on the report. Technical comments from OMB, the Department of Defense, and the Environmental Protection Agency were incorporated as appropriate.

## Scope and Methodology

Our scope includes federal Departments and agencies that have key missions for combating terrorism and, when combined, represent 97 percent of the total funding requested for combating terrorism in the presidential budget request for fiscal year 2003, as shown in table 1.

**Table 1: Departments and Agencies Contacted during GAO's Review and Their Share of Funding for Combating Terrorism from the President's Budget Request for Fiscal Year 2003 of \$45 Billion**

Department/Agency	Percent of funding to combat terrorism
National Security <sup>a</sup>	32
Department of Transportation	16
Department of Justice	16
Department of Health and Human Services	10
Federal Emergency Management Agency	8
The Treasury	6
Department of State	5
Department of Energy	3
Environmental Protection Agency	1
Other	3
<b>Total</b>	<b>100</b>

Source: OMB, *2002 Annual Report to Congress on Combating Terrorism*, June 2002.

<sup>a</sup>National Security includes Department of Defense and intelligence community funding combined to keep figures unclassified. Because the intelligence community includes intelligence elements from the Departments of State, Energy, the Treasury and Justice, the percentages displayed for these Departments do not represent the entirety of these Departments' budgets for combating terrorism.

In addition, our scope included OMB, OHS, and NSC. We did not include classified intelligence agencies' budgets in detail. Intelligence community agencies and their corresponding classified budgets will be included in a separate review by the Senate Select Committee on Intelligence.

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To analyze funding trends of federal funding to combat terrorism, we relied on OMB's annual reports containing data from fiscal year 1998 through the budget request for fiscal year 2003. The 2002 report included data from the emergency supplemental appropriation signed into law on September 18, 2001, but did not include data from a second emergency supplemental appropriation signed into law on August 2, 2002.<sup>3</sup> Although OMB provided us data from the August 2002 appropriation, we did not receive the data in time to incorporate into our report.

We used the definitions from the OMB annual reports, as summarized below:

- Homeland security: Activities within the United States coordinated by OHS.
- Overseas combating terrorism: Activities outside the United States coordinated by NSC, excluding direct military actions.
- Combating terrorism: Combination of homeland security and overseas combating terrorism, further divided into four main categories:
  - Research and development: Developing technologies to deter, prevent, or mitigate acts of terrorism.
  - Preparing for and responding to terrorist incidents: Planning, training, equipment, and personnel directed at incident response.
  - Physical security of government and national populace: Protecting federally owned, leased, occupied facilities; federal employees, including high-ranking officials, and the national populace from terrorist acts as well as physical protection of the national infrastructure.
  - Investigative, intelligence, and offensive capabilities: Reducing the ability of groups or individuals to commit terrorist acts, and the investigation of terrorist acts when they occur and prosecution of their perpetrators.

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<sup>3</sup>P.L. 107-38 and P.L. 107-206, respectively.

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To describe difficulties in coordinating budgets to combat terrorism and efforts to address them, we reviewed data from OMB and OHS. In addition, we evaluated data from Departments and agencies with critical missions for combating terrorism, as well as data from our previous reports. We conducted interviews with knowledgeable officials and discussed their views on the effectiveness of interagency approaches. To assess the adequacy of funding data reported to Congress, we compared OMB's annual reports with the legislative requirement for drafting the reports and identified potential areas for improvement on the basis of other common budget presentations. To identify areas of potential duplication of effort among agencies and the efforts to minimize them, we relied on our past and ongoing analyses of programs for combating terrorism and reviewed the administration's proposals for minimizing such duplication. To identify the challenges faced by the executive branch in maximizing the effectiveness of funds for combating terrorism, we relied on our recent analyses of national strategies and interviewed key agency officials to determine whether performance plans were updated to reflect revised missions for combating terrorism.

Our work was conducted from March through September 2002 in accordance with generally accepted government auditing standards.

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We will send copies of this report to appropriate congressional committees and to the federal agencies and offices discussed in this report. We will make copies available to other interested parties upon request. In addition, the report will be available at no charge on the GAO Web site at <http://www.gao.gov>.

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If you or your staff have any questions about this report, please contact Raymond Decker at (202) 512-6020 or Paul Posner at (202) 512-9573. Major contributors to this report are listed in appendix III.



Raymond J. Decker  
Director  
Defense Capabilities and Management



Paul L. Posner  
Managing Director  
Strategic Issues

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List of Congressional Requesters

The Honorable Dianne Feinstein  
Chairman

The Honorable Jon Kyl  
Ranking Minority Member  
Subcommittee on Technology,  
Terrorism and Government Information  
Committee on the Judiciary  
U.S. Senate

The Honorable Bob Graham  
Chairman

The Honorable Richard C. Shelby  
Ranking Minority Member  
Select Committee on Intelligence  
U.S. Senate

The Honorable James F. Sensenbrenner, Jr.  
Chairman

The Honorable John Conyers, Jr.  
Ranking Minority Member  
Committee on the Judiciary  
House of Representatives



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# Briefing Section I: Introduction



Introduction:  
Background

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- OMB's annual report on combating terrorism to Congress must
    - include listing of proposed amounts to be expended for combating terrorism programs and activities in the current and next fiscal year,
    - describe specific programs and activities,
    - list priorities with respect to programs and activities,
    - identify duplication of efforts,
    - summarize obligations and expenditures on domestic emergency preparedness for terrorist incidents involving weapons of mass destruction, and
    - be issued by March 1 of each year.
  - OMB identified over 27 federal entities spending combating terrorism funds.
-

In a 1997 report, we found that the Office of Management and Budget (OMB) and the National Security Council (NSC) did not regularly collect, aggregate, and review data on funding to combat terrorism on a governmentwide basis for the many Departments and agencies involved in combating terrorism.<sup>4</sup> On the basis of our findings, Congress required OMB to establish a reporting system on the budgeting and expenditure of such funds, and, since 1998, OMB has been required to prepare both a classified and an unclassified report on combating terrorism to Congress by March 1 of each year.<sup>5</sup>

The report must

- include a list of proposed amounts to be expended for programs for combating terrorism and activities in the current and next fiscal year,
- describe specific programs and activities,
- list priorities with respect to programs and activities,
- summarize obligations and expenditures on domestic emergency preparedness for terrorist incidents involving weapons of mass destruction, and
- identify duplication of efforts.

The 2002 OMB report provides funding and programmatic information on 27 federal entities that have received funds for combating terrorism. These federal entities are responsible for the federal government's efforts to combat terrorist activity both domestically and overseas, including defense against terrorist incidents involving weapons of mass destruction. After the September 11 attacks, OMB included an analysis of homeland security as part of its June 2002 report.

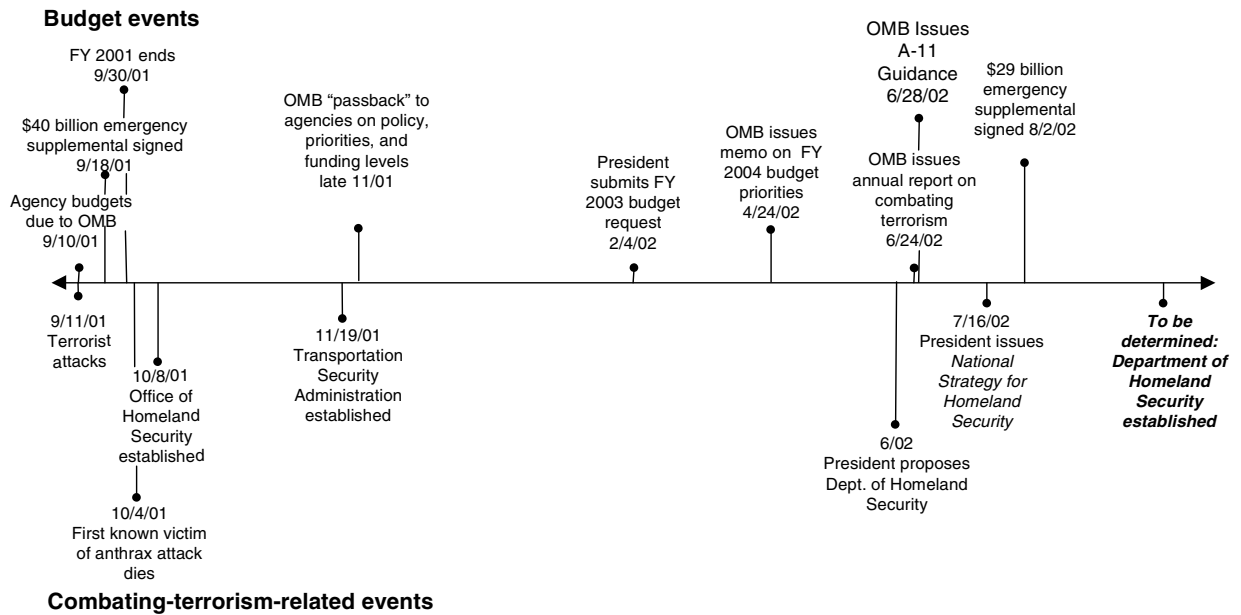
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<sup>4</sup>See *Combating Terrorism: Spending on Governmentwide Programs Requires Better Management and Coordination*, [GAO/NSIAD-98-39](#) (Washington, D.C.: Dec. 1, 1997).

<sup>5</sup>P.L. 105-85, sec. 1051, Nov. 18, 1997, as amended by P.L. 105-261, sec. 1403, Oct. 17, 1998.



Introduction:  
Timeline of Events



Source: GAO's analysis of various government publications.

Legend:

FY = fiscal year

Departments' and agencies' submissions of their budget requests for fiscal year 2003 to OMB coincided closely with the attacks of September 11, 2001. In response to the attacks, the first of two emergency supplemental appropriations, totaling \$40 billion—of which \$12 billion was provided for

the combating terrorism mission—was signed into law on September 18, 2001.<sup>6</sup> The remaining \$28 billion from that supplemental appropriation was provided for other missions, such as military actions overseas and recovery at the attack sites. Since this supplemental appropriation was enacted in the last 2-week period of fiscal year 2001, most of these funds were not available to agencies for obligation until fiscal year 2002 and were allocated over several months. The second supplemental appropriation was signed into law on August 2, 2002.<sup>7</sup>

Other key events occurred to influence funding decisions as OMB considered what requests should be included in the emergency supplemental appropriation, reviewed agencies' budget requests for fiscal year 2003, and notified agencies of funding decisions in late November during a process known as "passback." On October 4, 2001, the first known victim of the anthrax attack died, drawing more attention to funding needed to counter the threat from biological weapons. On October 8, 2001, the Office of Homeland Security (OHS) was established and given responsibility for developing a national strategy for homeland security and related homeland security activities, including certifying that budget requests for homeland security were necessary and appropriate. On November 19, 2001, the Transportation Security Administration was established, with a budget request of \$4.8 billion for fiscal year 2003.<sup>8</sup>

On February 4, 2002, the President submitted the budget request for fiscal year 2003 to Congress. OMB's *2002 Annual Report on Combating Terrorism*, which includes data from the request for fiscal year 2003, was issued in June 2002.

In the spring and summer of 2002, offices within the Executive Office of the President issued guidance related to preparing the budget request for fiscal year 2004. On April 24, 2002, OMB issued initial budget guidance indicating that homeland security was one of the key priorities for fiscal year 2004. In June 2002, OMB issued the A-11 Circular, which outlined guidance for the

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<sup>6</sup> P.L. 107-38 made \$20 billion of the \$40 billion available for obligation only when enacted in a subsequent emergency appropriations bill as a condition for the availability of funds. That bill was passed as part of the Department of Defense Appropriations Act, P.L. 107-117, on January 10, 2002.

<sup>7</sup> P.L. 107-206.

<sup>8</sup> P.L. 107-71, Nov. 19, 2001. Almost half (\$2.2 billion) of the Transportation Security Administration's budget is supported by user fees.

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preparation, submission, and execution of the budget to the agencies. In the summer of 2002, the President issued two documents that OMB cited as key guidance for agencies to develop budget requests for fiscal year 2004 and performance plans: the proposal for the new Department of Homeland Security and the National Strategy for Homeland Security. Establishing the Department of Homeland Security was under Congress's consideration at the time of our review.

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**Briefing Section I: Introduction**

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# Briefing Section II: Funding Analysis



Funding Analysis:  
Increases in Combating Terrorism Scope &  
Funding

- Combating terrorism scope broadened, and funding rose in years prior to September 11 attacks.
  - Postattack combating terrorism missions further expanded to include homeland security missions.
  - Post September 11 combating terrorism funding included
    - \$12 billion from the emergency supplemental appropriation signed September 18, 2001, and
    - \$45 billion from the fiscal year 2003 budget request.
-



In the years prior to the September 11 attacks, we reported on a rapid increase in the number of federal programs and funding to combat terrorism that spanned multiple agencies. These included (1) programs for training and equipping first responders to address chemical, biological, radiological, and nuclear terrorist attacks and (2) federal teams capable of analyzing such weapons, containing terrorist incidents, and providing medical support or response.<sup>9</sup> We also reported on significant funding increases, as well as improvements in OMB's efforts to track funding related to combating terrorism.

After the September 11 attacks, the missions and funding for combating terrorism were dramatically expanded. Most notably, a new group of homeland security activities—such as border and aviation security—was included under the definition “combating terrorism.” Since September 11, \$12 billion has been appropriated for missions to combat terrorism in a supplemental appropriation, and an additional \$45 billion has been requested in the budget request for fiscal year 2003.<sup>10</sup>

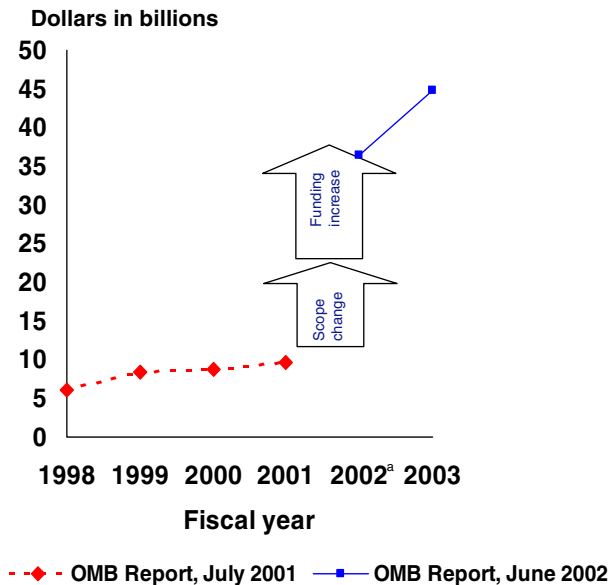
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<sup>9</sup> See *Combating Terrorism: Issues in Managing Counterterrorist Programs*, GAO/T-NSIAD-00-145 (Washington, D.C.: Apr. 6, 2000).

<sup>10</sup> The appropriated amount does not include combating terrorism funding from the August 2002 supplemental appropriation of \$29 billion.



Funding Analysis:  
Changes in Scope Complicate Trend Analysis



Source: OMB, *Annual Report to Congress on Combating Terrorism*, July 2001, and OMB, *2002 Report to Congress on Combating Terrorism*, June 2002.  
<sup>a</sup>2002 figure includes emergency supplemental funding enacted September 2001 but does not include emergency supplemental funding, enacted in August 2002.

As shown in the figure, scope changes and funding increases resulted in a 276-percent surge between 2001 and 2002 (as reported in OMB’s *Annual Reports* for 2001 and 2002, respectively). A 106-percent increase is attributed to changes in definition to broaden the scope of combating terrorism, such as the addition of border and homeland security, and a 170-percent increase is attributed to increased funding overall.

It is difficult to discuss historical trends in funding for combating terrorism because of the changing scope of programs and activities included before

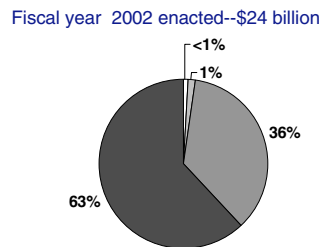
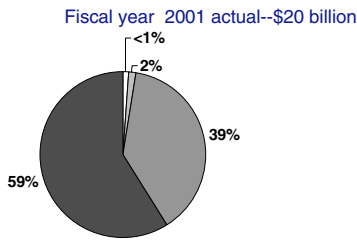
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and after the September 11 attacks. In each of the last 5 years, OMB has issued its *Annual Report to Congress on Combating Terrorism*, which attempts to capture, across the federal government, total spending on combating terrorism and, in the most recent report, related homeland security initiatives. However, as more programs are included in the definition of “combating terrorism,” funding comparisons become more complicated. We therefore were unable to determine a funding trend by agency or mission category (including the homeland security initiatives) prior to 2001.

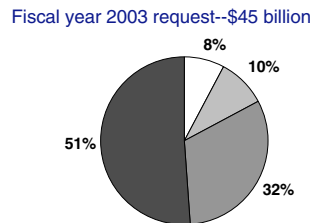
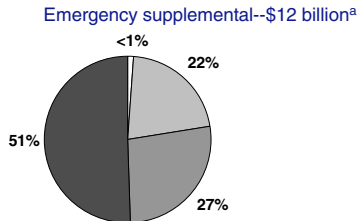


Funding Analysis:  
FEMA and HHS Increased Share of Funding

**Preattack funding**



**Postattack funding**



Federal Emergency Management Agency
  National Security  
 Health and Human Services
  All other Departments

Source: OMB, *2002 Report to Congress on Combating Terrorism*, June 2002.  
 Figures do not always add to 100 percent because of rounding.

<sup>a</sup>The emergency supplemental figure includes the emergency supplemental appropriation enacted in September 2001 but does not include the emergency supplemental appropriation enacted in August 2002. Moreover, it includes only the \$12 billion designated by OMB as funds for combating terrorism, not the entire \$40 billion appropriation.

In dollar terms, on the basis of the definition that OMB used in its 2002 report, funding for all federal entities with missions for combating terrorism increased following the attacks. In percentage terms, National Security agencies consistently received the highest proportion of funds, but their share of these funds decreased after September 11, whereas the Department of Health and Human Services (HHS) and the Federal

Emergency Management Agency's (FEMA) proportion of funds for combating terrorism increased substantially. Most other agencies received a smaller portion of the total funds provided after the attacks, as shown in table 2.

**Table 2: Federal Entities' Percentage of Funding for Combating Terrorism**

Federal entity	Percentage of funding for combating terrorism			
	Preattack funding		Postattack funding	
	Fiscal year 2001 (\$20 billion)	Fiscal year 2002 enacted pre-Sept. 11 (\$24 billion)	Emergency Supplemental Appropriation enacted Sept. 2001 (\$12 billion)	Fiscal year 2003 budget request (\$45 billion)
National Security	39	36	27	32
Department of Transportation	12	17	10	16
Department of Justice	23	21	18	16
Department of Health and Human Services	2	1	22	10
Federal Emergency Management Agency	<1	<1	<1	8
Department of the Treasury	9	9	5	6
Department of State	8	7	1	5
Department of Energy	5	5	3	3
Environmental Protection Agency	<1	<1	<1	1
Other <sup>a</sup>	3	3	13	3

Source: OMB, *2002 Report to Congress on Combating Terrorism*, June 2002.

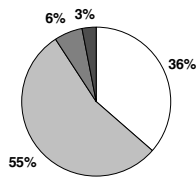
<sup>a</sup>The "Other" category includes the U.S. Army Corps of Engineers, the District of Columbia, and the U.S. Postal Service, all of which received significant funding in the emergency supplemental appropriation in the wake of the September 11 attacks.



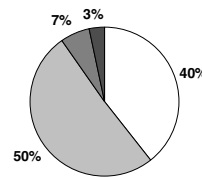
Funding Analysis:  
Analysis by OMB Report Mission Area

**Preattack funding**

Fiscal year 2001 actual--\$20 billion

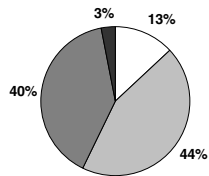


Fiscal year 2002 enacted--\$24 billion

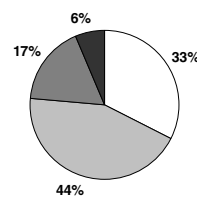


**Postattack funding**

Emergency supplemental--\$12 billion<sup>a</sup>



Fiscal year 2003 request--\$45 billion



- Physical security of government and national populace
- Preparing and responding to terrorist incidents
- Investigative, intelligence, and offensive activities
- Research and development

Source: OMB, *Annual Report to Congress on Combating Terrorism*, July 2002.  
Figures do not always add to 100 percent because of rounding.

<sup>a</sup> The emergency supplemental figure includes the emergency supplemental appropriation enacted in September 2001 but does not include the emergency supplemental enacted in August 2002. Moreover, it includes only the \$12 billion designated by OMB as funds for combating terrorism.

OMB divides combating terrorism into the four mission categories of (1) research and development; (2) preparing and responding to terrorist incidents; (3) physical security of the government and national populace; and (4) investigative, intelligence, and offensive capabilities. Although all missions received more funding, priorities shifted after the September 11 attacks and are reflected in the proportion of dollars for combating terrorism designated for various mission categories. As shown in the figure,

which is based on the definitions used in OMB's 2002 report, there were marginal differences in how funds were divided among the categories between the actual budget for fiscal year 2001 and the budget for fiscal year 2002 enacted prior to the attacks. The emergency supplemental appropriation enacted in September 2001, however, reflected a dramatic shift in priorities from funding the physical security of government and the national populace and investigative, intelligence, and offensive activities, toward the more immediate needs of preparing and responding to terrorist incidents, as might be expected in the immediate aftermath of the attacks. The budget request for fiscal year 2003 shows that funding priorities have shifted back to the physical security of the government and national populace, but the proportion of funding for this category did not return to the preattack levels of the original enacted budget for fiscal 2002. Rather, compared to preattack funding levels, more emphasis was placed on research and development (where the share of funds increased from 3 to 6 percent) and preparing and responding to terrorist incidents (where the share of funds increased from 7 to 17 percent).

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# Briefing Section III: Coordination and Priority Setting



Coordination and Priority Setting:  
Challenges

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- Coordinating programs and resources to combat terrorism is inherently difficult because of the number of agencies and diverse missions involved.
  - Budget requests for combating terrorism activities are often subsumed in budget accounts with unrelated funding requests.
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Despite the coordination roles played by OHS, NSC, and OMB within the Executive Office of the President, there are inherent challenges in managing federal programs and resources to combat terrorism. First, numerous federal agencies have some role in combating terrorism. Second, these federal agencies represent different types of organizations, including those involved in intelligence, law enforcement, military matters, health services, environmental protection, emergency management, and diplomacy. These agencies often include both domestic and international components. In addition, these agencies undertake a wide variety of activities to combat terrorism, including prevention, detection, crisis response, criminal prosecution, and consequence management, which require effective interagency coordination. As a result of these factors, no individual agency is in charge of all the relevant programs and resources needed to combat terrorism, making budget coordination more difficult.<sup>11</sup>

Another challenge in coordinating budgets to combat terrorism is that funding for these programs is also used for missions unrelated to terrorism. Agencies' budget requests for activities to combat terrorism are often subsumed in budget accounts along with unrelated funding requests. For example, according to OMB officials, funding for the salaries of Federal Bureau of Investigation (FBI) agents assigned to combating terrorism activities are not separately identified from the salaries of agents assigned to white-collar crime and other activities. FBI estimates a percentage of these agents' salaries to be included in the total funds to combat terrorism. At the Department of Defense (DOD), we estimated that \$19.4 billion of the funds for combating terrorism from fiscal years 1999 through the budget request for fiscal year 2003 is for military and civilian personnel and personnel-related operating costs in designated specialties that have missions to combat terrorism, such as military police, civilian police, and security guards.<sup>12</sup> However, this estimate may be overstated because it represents total personnel costs even if the individuals spend only a portion of their time performing activities to combat terrorism.

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<sup>11</sup>The administration expects that the proposed Department of Homeland Security would minimize coordination problems. However, these challenges would exist even if the Department of Homeland Security is established because key combating terrorism agencies, such as the FBI, will remain outside the Department under the administration's proposal.

<sup>12</sup>See *Combating Terrorism: Actions Needed to Guide Services' Antiterrorism Efforts*, GAO-03-14 (Washington, D.C.: Nov. 1, 2002).



Coordination and Priority Setting:  
Chronology of Process-Fiscal Years 2001 & 2002

- In 1999 and 2000, NSC and OMB led interagency working groups on combating terrorism funding to support preparation of the fiscal year 2001 and 2002 budget requests, respectively.

Because missions for combating terrorism are spread across multiple agencies and appropriations, a coordinated, governmentwide approach for collecting, aggregating, and reviewing funding data can help prioritize funding proposals. Such an approach has varied in recent years. In preparing the budget requests for fiscal years 2001 and 2002, NSC and OMB used interagency working groups to identify priorities and duplication. The groups reviewed agencies' proposals and developed recommendations on whether they should be funded. The agencies integrated the working groups' funding recommendations into their budget submissions to

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OMB. According to OMB, NSC and OMB then reviewed agencies' actions on the recommendations and made necessary course corrections prior to acceptance by the President, on the basis of information from the working groups, relative standing among the agencies' other priorities, priorities for the rest of the government, and the overall funding that the administration was willing to request.



Coordination and Priority Setting:  
Chronology of Process: Fiscal Year 2003

- In 2001, funding decisions for the fiscal year 2003 budget were influenced by the emergency supplemental appropriation enacted September 18, 2001, and tight time frames.
- OMB worked collaboratively with OHS officials to set fiscal year 2003 funding priorities, and OHS certified the requests for homeland security as necessary and appropriate, according to OMB officials.

Decisions by OMB and agency officials regarding the budget request for fiscal year 2003 were made under very tight time frames and included two crosscutting Director's reviews on homeland security funding.<sup>13</sup> According to OMB officials, these reviews were more rigorous than past reviews on

<sup>13</sup>Director's reviews are key internal meetings for the OMB budget decision-making process. They occur after OMB examiners review agencies' budget requests, and provide an opportunity for the OMB Director to discuss staff recommendations before final budget decisions are made.

other governmentwide issues, were attended by the Assistant to the President for Homeland Security, and involved trade-offs necessary to ensure that funding requests for homeland security priorities were sufficient. On September 18, 2001, one week after the attacks, the President signed a \$40 billion emergency appropriation to respond to the attacks, of which \$12 billion was designated for combating terrorism (the remainder was designated for, among other things, military operations overseas, and immediate recovery needs in New York and at the Pentagon).<sup>14</sup> Because of the timing of the emergency appropriation in relation to the ongoing process for preparing the President’s budget request for fiscal year 2003, funding decisions for the supplemental appropriation and the request were inextricably linked. Table 3 lists key budget dates in relation to the attacks.

**Table 3: Timeline of Budget Events Occurring around September 11, 2001**

Sept. 10, 2001	OMB’s deadline for agencies’ fiscal year 2003 budget submittals.
Sept. 11, 2001	Terrorist attacks.
Sept. 12, 2001	Agencies begin a “triage” assessment of the budget to identify immediate-, medium-, and longer-term requirements.
Sept. 14, 2001	OMB issues guidance to agencies on the emergency appropriation, which was passed by Congress the same day.
Sept. 18, 2001	\$40 billion emergency appropriation (with \$12 billion designated for combating terrorism) signed by the President.
Sept. 21, 2001	President authorizes initial transfers from the emergency appropriation.
Late Nov. 2001	OMB informs executive branch agencies about decisions on their budget requests (known as “passback”).

Source: GAO’s analysis.

Agencies were asked to identify their most immediate needs—primarily related to response and recovery—using OMB’s September 14, 2001, guidance. Those needs that were determined to fit OMB’s criteria for the emergency supplemental appropriation were funded first. At the same time, agencies and OMB reported that some adjustments to the submissions for fiscal year 2003 were needed for the agencies most directly affected by the attacks of September 11. These adjustments were necessary

<sup>14</sup>P.L. 107-38 made \$20 billion of the \$40 billion available for obligation only when enacted in a subsequent emergency appropriations bill as a condition for the availability of funds. That bill was passed as part of the Department of Defense Appropriations Act, P.L. 107-117, on January 10, 2002.

in some cases to reflect changing priorities and, in others, because of funds provided by the emergency supplemental appropriation. In addition, OMB officials said that planning on the future needs in fiscal year 2004 were considered as part of the deliberations for fiscal 2003.

Both OMB and OHS were involved in setting priorities for developing the budget proposal for fiscal year 2003. OMB provided the analytical and budgetary support for OHS, and officials from both OMB and OHS reported their working relationship as collaborative. OHS did not issue formal guidance as part of the budget process—OMB officials communicated OHS's priorities on homeland security funding to the agencies. The executive order establishing OHS required the Assistant to the President for Homeland Security to certify that budget requests for homeland security are necessary and appropriate, but it did not specify how this certification should take place.<sup>15</sup> OMB officials told us that the Assistant to the President for Homeland Security formally certified the budget requests in writing. However, they did not provide this written certification for our review.

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<sup>15</sup>Executive Order No. 13228, Oct. 8, 2001.

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**Briefing Section III: Coordination and  
Priority Setting**

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Coordination and Priority Setting:  
Chronology: Fiscal Year 2004 Issues

- Uncertainty in the preparation of the 2004 budget proposals is due to
  - uncertainty an the evolving structure of the proposed Department of Homeland Security and
  - a lack of overseas combating terrorism strategies.
- OMB guidance was improved to require agencies to identify homeland security and overseas combating terrorism funding for budget requests but does not require them to report the status of obligations. Obligation data are key to assessing future funding needs.
- OMB has introduced a new formal assessment tool to enhance program performance evaluation. Several combating terrorism agencies were selected for review this year.

Coordination and priority setting for the budget process for fiscal year 2004 are complicated by uncertainty. The proposed Department of Homeland Security had not yet been established. Moreover, those agencies with overseas missions for combating terrorism did not have the benefit of key strategies for combating the overseas threat of terrorism because such strategies have either not yet been published or were published very late in the budget deliberation process.



In April 2002, OMB issued the spring planning guidance to executive agencies for the fiscal year 2004 budget, which stated that the National Strategy for Homeland Security would provide a framework against which they could assess how their programs contribute to homeland security. Agencies were instructed to submit budgets consistent with the strategy's framework, emphasizing areas that are given priority and deemphasizing areas that are not. However, the strategy was released in July, well into the budget development season for the executive agencies. Similarly, for combating terrorism overseas, *The National Security Strategy for the United States of America* was not published until September 17, 2002, and the *National Strategy on Combating Terrorism* has not yet been published.

Improved OMB guidance should enhance data on funding to combat terrorism, but the status of obligations is not being captured. In June 2002, OMB updated its annual guidance on the preparation, submission, and execution of the budget for preparing the budget request for fiscal year 2004—the A-11 guidance. Agencies are required to report budget data for homeland security and overseas combating terrorism in OMB's MAX database—the database that OMB uses to develop and prepare the President's budget. In an August 2002 memo, OMB instructed agencies to provide budgetary and programmatic information on homeland security and overseas combating terrorism to be submitted concurrently with their budget requests. These data are to include programs and activities and the funding requests associated with them, aggregated to the budget account level. We believe that these instructions are a very positive development because aggregating data to provide account-level detail, if reported to Congress, would present the data in a manner that is consistent with the account structure that Congress uses to provide appropriations annually. However, neither the A-11 guidance nor the subsequent August memo requires agencies to report data on obligations. As noted previously, such data are useful for establishing the current status on spending and informing decisions on future funding to combat terrorism.

In addition to this guidance, OMB has introduced a formal assessment tool into the budget process: the Program Assessment Rating Tool (PART). The purpose of PART, according OMB, is to (1) measure and diagnose program performance; (2) evaluate programs in a systematic, consistent, and transparent manner; (3) inform agency and OMB decisions for management, legislative, or regulatory improvements and budget decisions; and (4) focus program improvements and measure progress (compared with prior-year ratings). OMB expects to use PART assessments

in considering Department and agency budget submissions for the President's budget request for fiscal year 2004 to Congress. Several key programs involved in combating terrorism were selected for this year's review, such as Immigration Services within the Department of Justice, the Federal Law Enforcement Training Center within the Department of Treasury, and the Disaster Relief Fund-Public Assistance Program within FEMA. OMB plans to make results of its PART reviews available to the public on its Web site, which could provide additional information for Congress and others on programs and activities for combating terrorism.

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**Briefing Section III: Coordination and  
Priority Setting**

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# Briefing Section IV: Data Reported to Congress



Data Reported to Congress:  
*OMB's Annual Report*

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- Shortcomings in the report make it a weak tool for congressional decision makers.
    - Although required March 1, it has been issued in late spring and summer, well into the appropriations decision-making process.
    - The absence of obligation data in the report limits its use in monitoring the status and planning future funding priorities of combating terrorism activities.
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On the basis of the findings in one of our reviews, Congress required OMB to report annually on the proposed expenditure of funds to combat terrorism.<sup>16</sup> OMB has since issued five annual reports summarizing budget authority in this area. However, several current shortcomings in the report weaken it as a tool for congressional decision makers. For example, although they are required to be issued in March of each year, recent

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<sup>16</sup>See [GAO/NSIAD-98-39](#).

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reports have not been issued until the late spring or summer, well into congressional budget deliberations, limiting their usefulness to decision makers. Furthermore, the reports do not present data on funds obligated to combat terrorism. Obligations are binding agreements that will result in immediate or future outlays, and as such, they are important for decision makers in terms of understanding the current status of funding and for establishing future funding priorities.



Data Reported to Congress:  
Varying Mission Categories Complicate Oversight

<b>OMB's 2002 Report to Congress on Combating Terrorism (mission areas)</b>	<b>Securing the Homeland, Strengthening the Nation (President's FY 2003 budget initiative areas)</b>	<b>National Strategy for Homeland Security (critical mission areas)</b>
Physical security of government and national populace	Supporting first responders	Intelligence and warning
Investigative, intelligence, and offensive activities	Defending against biological terrorism	Border and transportation security
Preparing for and responding to terrorist acts	Securing U.S. borders	Domestic counterterrorism
Research and development	Sharing information and using technology to secure the homeland	Protecting critical infrastructures and key assets
	Aviation security	Defending against catastrophic threats
	Other non-DOD homeland security	Emergency preparedness and response
	DOD homeland security (outside initiatives)	

Source: GAO's analysis of cited documents.

The lack of a common structure to categorize activities related to combating terrorism also complicates oversight by and accountability to Congress and OMB, and can be attributed to strategies that were evolving as various funding presentations were being written. Each of the three documents presented in the table portray governmentwide combating-terrorism-related mission categories in a unique manner. OMB's annual report categories in the first column address combating terrorism, including homeland security and overseas combating terrorism. The President's budget initiative areas and the critical mission areas in the *National Strategy for Homeland Security* in the second and third columns, respectively, address homeland security only.<sup>17</sup> No two mission categories are exactly the same, nor can they be crosswalked to each other.

In addition, categories in these documents cannot be crosswalked to the statutory structure used by Congress to fund programs and activities—appropriations accounts. For example, the most recent OMB report states that all funding associated with border security is homeland security related, and as such, is counted as combating terrorism. Border security involves nearly a dozen federal agencies and their activities, including the Immigration and Naturalization Service's enforcement and detention activities, the Customs Service's enforcement activities, the Coast Guard's enforcement activities, the Agricultural Quarantine Inspection program, and the Department of State's visa program. While the report lists the relevant bureaus and agencies involved, it does not identify funding by appropriation accounts. OMB officials told us they are planning to crosswalk the President's budget initiative areas to appropriations accounts as part of the budget request for fiscal year 2004.

In the case of the Department of Defense, linking mission categories for combating terrorism to appropriations is made more complex because of the unique way DOD was allocated funds from its share of the emergency supplemental appropriation enacted in September 2001. Unlike other agencies, DOD was allocated funds from this supplemental appropriation on the basis of 10 funding categories—such as Increased Situational Awareness, Enhanced Force Protection, and Airport Security—not linked to its normal budget accounts. Therefore, linking appropriations to mission categories would involve an analysis of both normal appropriations

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<sup>17</sup>The overseas component of combating terrorism is in the *National Security Strategy of the United States of America* and the forthcoming *National Strategy for Combating Terrorism*.

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accounts and the special funding categories established for the emergency supplemental appropriation.

The absence of these key linkages, both across strategies and to the appropriation accounts structure, results in no transparency for making policy choices and trade-offs between homeland security programs and other activities.



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**Briefing Section IV: Data Reported to  
Congress**

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# Briefing Section V: Potential for Overlap



Potential for Overlap:  
Chronology: Past Areas Identified by GAO

- Past GAO reviews have identified potential overlap or unnecessary duplication in areas of
  - establishment of a focal point for combating terrorism,
  - development of federal combating terrorism strategies,
  - law enforcement related to terrorism,
  - assistance to state and local governments,
  - information and technology management, and
  - research and development to combat terrorism.
- In five annual reports to Congress on combating terrorism, OMB has not identified duplication of effort as required.

Our past work has identified potential duplication of effort on combating terrorism over the past several years, and the administration has taken steps to reduce the risk of this duplication in some areas.

- Establishment of a combating terrorism focal point: In a 2001 report, prior to the establishment of OHS, we noted that some interagency roles of various agencies are not always clear and sometimes overlap, which often led to a fragmented approach.<sup>18</sup> We noted in the same report that a clear assignment of responsibilities and the authority to discharge these responsibilities are necessary to avoid duplication.
- Development of federal combating terrorism strategies: Also, in the 2001 report we observed that strategies had been developed or were being developed by NSC, the Attorney General, the National Domestic Preparedness Office in FBI, and FEMA.
- Law enforcement related to terrorism: In a 1999 report we observed that the Bureau of Alcohol, Tobacco, and Firearms (ATF) did not generally carry out terrorism training with FBI, despite the fact that the two bureaus had potentially overlapping responsibilities.<sup>19</sup> The report also stated that ATF was developing a crisis management exercise program similar to FBI's program. This lack of coordination between these two law enforcement agencies could reduce the effectiveness of a total federal response to a terrorist incident and lead to duplication of effort.
- Assistance to state and local governments: In 1998 and 1999, we reported that grant assistance to state and local agencies and federal weapons of mass destruction training programs were not well coordinated.<sup>20</sup> This resulted in inefficiencies in the federal effort, and state and local officials and representatives of various responder organizations voiced their concern over duplication and overlap between federal training programs.

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<sup>18</sup>See *Combating Terrorism: Selected Challenges and Related Recommendations*, GAO-01-822 (Washington, D.C.: Sept. 20, 2001).

<sup>19</sup>See *Combating Terrorism: Issues to Be Resolved to Improve Counterterrorism Operations*, GAO/NSIAD-99-135 (Washington, D.C.: May 13, 1999).

<sup>20</sup>See *Combating Terrorism: Opportunities to Improve Domestic Preparedness Programs Focus and Efficiency*, GAO/NSIAD-99-3 (Washington, D.C.: Nov. 12, 1998), and *Combating Terrorism: Observations on Growth in Federal Programs* (GAO/T-NSIAD-99-181, Washington, D.C.: June 8, 1999).

- Information and technology management: In February 2002, we reported that without an enterprise architecture to guide and constrain information technology investments, “stovepipe” operations and systems can emerge, which in turn, lead to needless duplication.<sup>21</sup> Currently, only about 4 percent of federal agencies have developed their enterprise architecture to the point where they can be considered effective.
- Research and development to combat terrorism: Overlap in research and development related to combating terrorism has also been reviewed in our reports. In 1999 and 2001, we reported that existing formal and informal research and development coordination mechanisms may not ensure that potential overlaps, gaps, and opportunities for collaboration are addressed.<sup>22</sup> We reported that a number of factors, including compartmentalization of research and development activities and the lack of formal mechanisms to capture the entire universe of governmentwide research and development efforts, create the potential for duplicative efforts between federal agencies.

We have also observed that OMB’s annual reports to Congress on combating terrorism had not identified duplication of effort, as required by Congress.<sup>23</sup> The June 2002 OMB report also does not include such an analysis. However, OMB reported in an August 2002 memorandum that it would review fiscal year 2004 budget proposals to identify areas where duplication and overlap may hinder efficient resource allocation. We view this as a positive development that, if executed and reported, should bring OMB into compliance with the reporting requirement.

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<sup>21</sup>Enterprise architecture provides a clear and comprehensive picture of an entity, whether it be an organization (federal Department, agency, or bureau) or a functional or mission area that cuts across more than one organization (e.g., financial management). See *Information Technology: Enterprise Architecture Use across the Federal Government Can Be Improved*, GAO-02-06 (Washington, D.C.: Feb. 19, 2002).

<sup>22</sup>See *Chemical and Biological Defense: Coordination of Nonmedical Chemical and Biological R&D Programs*, GAO/NSIAD-99-160 (Washington, D.C.: Aug. 16, 1999) and GAO-01-822.

<sup>23</sup>See GAO-01-822.

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**Briefing Section V: Potential for Overlap**

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Potential for Overlap:  
Chronology: Executive Branch Efforts

- President established focal points for combating terrorism.
  - The Assistant to the President for Homeland Security in OHS serves as the homeland security focal point and issued the *National Strategy for Homeland Security*.
  - The Director for Combating Terrorism in NSC serves as focal point for combating terrorism overseas and has not yet issued the *National Strategy for Combating Terrorism*.
- President's proposal for Department of Homeland Security acknowledges need to minimize duplication of effort.
  - Grant programs to state and local governments.
  - Research and development to combat terrorism.
  - Port inspection activities.
  - Information technology systems.
  - Management of property and assets.

The administration has taken steps to address some past areas of potential duplication.

- To address concerns of overall management, in September 2001, we recommended the establishment of a focal point within the Executive Office of the President, with responsibility for all critical missions to lead and coordinate the various programs for combating terrorism. After September 11, the President established both OHS and the Director for Combating Terrorism within NSC.

- Efforts to address the proliferation of agency-level strategies include the July 2002 publication of the administration's *National Strategy for Homeland Security*, which noted that the terrorism threat would be addressed by this strategy as well as forthcoming national strategies on overseas combating terrorism and on national security, which are discussed in more detail in section VI.

The President's proposal for the Department of Homeland Security recognized some of the problems we identified and other areas and the need to minimize duplication. His proposal specifically identified several areas where duplication needs to be addressed.

- Grants to state and local governments: The President's proposal states that the proposed Department would consolidate and streamline grant making and promote targeted, effective programs at the state and local level, recognizing that such programs currently exist in an environment of multiple funding sources and sometimes overlapping missions. The Department would also give state and local officials one primary contact instead of many for matters related to training, equipment, planning, and other critical needs.
- Research and development: The President's proposal calls for the proposed Department to provide direction and establish priorities for national research and development of new technologies to counter the bio-chemical threat. The Department would also focus the intellectual energy and extensive laboratory capacity at several scientific institutions to combat this threat.
- Port inspection: The President's plan calls for port inspection activities to be consolidated. A single federal Department would be in charge of all ports of entry, including security and inspection operations, and would manage and coordinate port-of-entry activities of other federal Departments and agencies.

- Information technology: According to the proposal for the new Department, to reduce redundant spending on information technology, the proposed Department would develop a single enterprise architecture to eliminate duplicative and poorly coordinated systems. Projects would be funded on the basis of priorities for homeland security missions, which are, in turn, based on an overall assessment of requirements. OHS has established or is in the process of establishing working groups to develop enterprise architectures in line with the primary mission areas of the proposed Department, according to an OHS official. In addition, as we testified in October 2002, OMB issued two memoranda to selected agencies telling them to “cease temporarily” and report on new proposed information technology infrastructure and business system investments to OMB.<sup>24</sup> At the time of our review, some submissions were still being evaluated by OMB, and it was too early to assess the effect of OMB’s action.<sup>25</sup>
- Property and asset management: The proposed Department would also better utilize assets through consolidation and joint, comprehensive capital planning, procurement and maintenance. This would apply to boats, vehicles, and aircraft, as well as property management.

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<sup>24</sup>See *Homeland Security: OMB’s Temporary Cessation of Information Technology Funding for New Investments*, GAO-03-186T (Washington, D.C.: Oct. 1, 2002).

<sup>25</sup>The July memoranda also stated that, if an agency had a critical need or emergency, it could submit information for an expedited review. As of September 26, 2002, agencies had requested three emergency requests for expedited review, all of which were approved.



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**Briefing Section V: Potential for Overlap**

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# Briefing Section VI: Challenges in Effective Use of Funds



Challenges in Effective Use of Funds:  
Strategies Require Measures and Priorities

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- Combating terrorism strategies are evolving.
    - July 2002 *National Strategy for Homeland Security* includes strategic areas and missions; however, challenge will be to establish
      - performance measures and
      - clear funding priorities.
    - *National Security Strategy* published in September 2002.
    - National Security Council has not yet published its strategy on overseas combating terrorism.
  
  - Some Departments have moved forward in revising annual performance plans with combating terrorism objectives, despite evolving national guidance.
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On numerous occasions, we have called for a national strategy on combating terrorism and stated that such a strategy should not only define the roles and missions of federal, state, and local governments and establish priorities, but also identify outcome-related goals with milestones and performance measures.<sup>26</sup> In addition, the strategy should incorporate the principles of the Government Performance and Results Act of 1993, which requires federal agencies to set strategic goals, measure performance, and report on the degree to which goals are met.<sup>27</sup> We further noted that the State Department emphasized the need for such a strategy to include an international component.

The administration plans to address the terrorist threat through a series of national strategies. The *National Strategy for Homeland Security*, published in July 2002, addresses how to mobilize and organize the nation to secure the U.S. homeland from terrorist attack. The *National Security Strategy of the United States of America*, published on September 17, 2002, and the forthcoming *National Strategy for Combating Terrorism* will address the terrorism threat overseas. The *National Strategy for Homeland Security* is a good initial step in defining strategic objectives and related mission areas (e.g., intelligence and warning, and border and transportation security), and in establishing foundations that extend across the mission areas (law, science and technology, information sharing and systems, and international cooperation). It also proposes to consolidate these strategic planning functions in the proposed Department of Homeland Security. However, the strategy's initiatives often do not provide performance goals and measures to assess and improve preparedness at the federal or national levels. For example, in the *National Strategy for Homeland Security*, the initiative of creating "smart borders" lacks specifics to identify what is expected of a smart border, including consideration of security and economic aspects of moving people and goods. Moreover, although the strategy includes a list of funding priorities for the budget for fiscal year 2004, the strategy does not provide criteria for trade-offs needed to fund such priorities, nor does it include a comprehensive threat/risk assessment to guide future efforts. Finally, how

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<sup>26</sup>See for example *Combating Terrorism: Enhancing Partnerships through a National Preparedness Strategy*, [GAO-02-549T](#) (Washington, D.C.: Mar. 28, 2002), [GAO-01-822](#), and *Combating Terrorism: Linking Threats to Strategies and Resources*, [GAO/T-NSIAD-00-218](#) (Washington, D.C.: July 26, 2000).

<sup>27</sup>P.L. 103-62 (Aug. 3, 1993).

the three strategies and their respective priorities will be coordinated with each other to avoid inconsistency remains unclear.

Some agencies have been taking steps to manage new priorities for combating terrorism. For example, some agencies are updating plans to address their missions to combat terrorism. The Environmental Protection Agency developed a specific strategic plan on homeland security, in addition to its current strategic plan. FEMA revised its strategic plan in the summer of 2002 to include a new goal related to terrorism. In addition, the Department of Justice revised its strategic plan in November 2001 in recognition of its increased focus on combating terrorism. Officials from DOD, however, told us that while DOD has a strategic plan, it does not establish Department-level performance measures consistent with the Results Act because of the difficulty of establishing such measures for the broad range of scenarios that might be posed by a terrorist attack. Moreover, these officials said that DOD includes performance measurement as part of its regular process for executing and evaluating exercises and missions.

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**Briefing Section VI: Challenges in Effective  
Use of Funds**

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Challenges in Effective Use of Funds:  
Management Challenges

- Increased funding requires leadership to ensure that the funds are spent effectively.
  - Human capital management requires a qualified work force.
  - Procurement of new capabilities and equipment requires comprehensive planning to establish sound acquisition strategies.
  - Management of grants requires an established process to provide accountability and oversight.
  - Information sharing and technology challenges require a blueprint for action.

Funding increases for combating terrorism have been dramatic and reflect the high priority that the administration and Congress place on this mission. These increases bring an added responsibility for the government to ensure that this large investment of taxpayer dollars is wisely applied. The strategies and plans discussed in the previous pages are an important component of managing funds to combat terrorism. The challenges stemming from increased funding for combating terrorism are significant management issues and could impede the implementation of national strategies if not effectively addressed. These areas are as follows:

- Human capital management: Some of the increased funding will be used to address requirements for additional personnel, a requirement that poses challenges for most agencies. The Immigration and Naturalization Service, for example, was already facing recruiting challenges prior to the September 11 attacks. The October 26, 2001, USA PATRIOT Act authorized the Attorney General to triple the number of Immigration and Naturalization Service Border Patrol personnel and inspectors along the Northern Border.<sup>28</sup> Moreover, the establishment of the Transportation Security Administration has exacerbated some other agencies' efforts to recruit and retain qualified security personnel. Officials from the Justice Department and the Department of the Treasury reported losing seasoned staff to the Transportation Security Administration as the new agency attempted to meet its own personnel requirements.
- Acquisition strategies: The budget request for fiscal year 2003 includes increased funding to acquire a broad array of technologies and equipment to combat terrorism. Before committing substantial dollars, it will be incumbent on Departments and agencies to ensure that requirements for such assets are linked to mission needs and costs and after careful consideration of alternative solutions. As we reported previously, good acquisition outcomes start with sound acquisition strategies.<sup>29</sup>

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<sup>28</sup>P.L. 107-56, Oct. 26, 2001.

<sup>29</sup>See *Homeland Security: Proposal for Cabinet Agency Has Merit, but Implementation Will Be Pivotal to Success*, [GAO-02-886T](#) (Washington, D.C.: June 25, 2002).

- **Grants management:** A significant portion of the budget request for fiscal year 2003 is to increase grants to state and local jurisdictions for their first responder efforts. The budget request for FEMA, for example, includes a \$3.5 billion in block grants to be used by state and local governments to purchase equipment; train personnel; and exercise, develop, or enhance response plans. We testified recently that in designing such grants, it is important to (1) target the funds to states and localities with the greatest need on the basis of the highest risk and lowest capacity to meet these needs from their own resource bases; (2) discourage the replacement of state and local funds with federal funds, commonly referred to as “supplantation,” with a maintenance-of-effort requirement that recipients maintain their level of previous funding; and (3) strike a balance between accountability and flexibility.<sup>30</sup>
- **Information sharing and technology:** One of the administration’s budget priorities in its budget request for fiscal year 2003 was to use 21<sup>st</sup> century technology to secure the homeland. In June 2002, we testified on information sharing and technology challenges facing the country in this regard.<sup>31</sup> First, the nature of the threat makes it difficult to identify and differentiate information that can provide an early indication of a terrorist threat from the mass of data available. Second, we face considerable barriers—cultural, legal, and technical—in effectively collecting and sharing information. And third, many technologies key to addressing threats are not yet available, and many existing technologies have not been effectively adapted for the threats the country now faces. We observed that responding to these challenges would require developing a blueprint, or architectural construct, that defines both the homeland security mission and the information technologies and approaches necessary to perform the mission in a way that is divorced from organizational parochialism and cultural differences.

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<sup>30</sup>See *Homeland Security: Effective Intergovernmental Coordination is Key to Success*, [GAO-02-1011T](#) (Washington, D.C.: Aug. 20, 2002).

<sup>31</sup>See *National Preparedness: Integrating New and Existing Technology and Information Sharing into an Effective Homeland Security Strategy*, [GAO-02-811T](#) (Washington, D.C.: June 7, 2002).



# Comments from the Department of Defense



SPECIAL OPERATIONS/  
LOW-INTENSITY CONFLICT

OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE  
WASHINGTON, D.C. 20301-2500

NOV 13 2002

Mr. Raymond Decker  
Director, Defense Capabilities Management  
U.S. General Accounting Office  
441 G Street, NW  
Washington, D.C. 20548

Dear Mr. Decker:

This is the Department of Defense response to the General Accounting Office (GAO) draft report "Combating Terrorism: Funding Data Reported to Congress Should be Improved," dated October 22, 2002 (Code 350123/GAO-03-170). The Department appreciates the opportunity to review and comment on the draft.

The Department concurs with the recommendations to the Office of Management and Budget made in the draft report. Corrections to factual errors found in the report were forwarded directly to the GAO staff for their inclusion in the final version.

Sincerely,

*For*  
*M.C. J. [Signature]*

Marshall Billingslea  
Principal Deputy

# Comments from the Department of State



United States Department of State

Washington, D.C. 20520

NOV 14 2002

Dear Ms. Westin:

We appreciate the opportunity to review your draft report, "COMBATING TERRORISM: Funding Data Reported to Congress Should Be Improved," GAO-03-170, GAO Job Code 350123.

The Department's comments are enclosed for incorporation, along with this letter, as an appendix to the GAO final report.

If you have any questions regarding this response, please contact Nicole Grandrimo, Coordinator for Counterterrorism on (202) 647-9444.

Sincerely,

Christopher B. Burnham  
Assistant Secretary for  
Resource Management and  
Chief Financial Officer

Enclosure:

As stated.

cc: GAO/DCM - Mr. Decker  
State/OIG - Mr. Berman  
State/S/CT - Ms. Kinney

Ms. Susan S. Westin,  
Managing Director,  
International Affairs and Trade,  
U.S. General Accounting Office.

STATE DEPARTMENT COMMENTS ON GAO DRAFT REPORT

COMBATING TERRORISM: FUNDING DATA REPORTED TO CONGRESS  
SHOULD BE IMPROVED (GAO-003-170, GAO Code 350123)

Thank you for the opportunity to comment on the draft report, "Combating Terrorism: Funding Data Reported to Congress Should Be Improved." The Department of State concurs with the GAO's findings regarding better coordination of funding for counterterrorism (CT) programs and assistance and the utility of performance goals and measures for assessing progress. The Department currently is taking action consistent with these findings.

The Department's Office of the Coordinator for Counterterrorism (S/CT) was created by Congress to provide overall supervision (including policy oversight of resources) of international CT activities, in addition to performing other duties. To that end, S/CT chairs the Training and Assistance Sub Group (TASG) of the Counterterrorism Security Group (CSG). The TASG strives to bring together all members of the interagency CT community to coordinate general CT training and assistance. Members of the TASG include representatives from the Departments of State, Justice, Treasury, and Defense, as well as the CIA and FBI. Since its establishment in March 2002, the TASG has established a list of priority countries on which the interagency community will focus its efforts to provide CT training and assistance. On an ongoing basis, it is reviewing proposed training and assistance activities with an eye toward ensuring that activities are properly sequenced, avoiding duplication in programs and assistance, and ensuring that programs and assistance are implemented in collaboration with or reinforce other efforts, as appropriate.

In addition, S/CT co-chairs with the Department's Bureau of International Narcotics and Law Enforcement Affairs (INL), the CT Finance Training and Technical Assistance Working Group under the TASG. The CT Finance Training and Assistance Working Group focuses on providing CT finance training and technical assistance to a set of priority countries, and ensuring that the delivery of assistance to other countries does not conflict with these priorities. The TASG and its working group will help to ensure that the funding provided for CT programs and assistance will be used effectively and efficiently.

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**Appendix II**  
**Comments from the Department of State**

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The Department is also taking measures to improve accountability for all use of Department funding, to include CT, and ensure that the efforts of individual bureaus and offices within the Department are in concert with the current goals and priorities of the Department. To this end, the Office of Strategic and Performance Planning (RM/SPP) was established within the Bureau of Resource Management. RM/SPP is currently drafting a five-year strategic plan for the Department, the first under the current Administration. This Strategic Plan, which will cover Fiscal Years 2004 - 2009, should clearly communicate to our employees and the American people the President and the Secretary's vision for the Department and America's foreign policy. As part of this process, RM/SPP and the Secretary's Policy Planning (S/P) staff have identified four changes that need to be made to the current strategic goal framework to bring greater clarity, direction, and alignment to the Department's vision:

1. Group the goals under four major objectives that are tied directly to the mission statement.
2. Consolidate the goals from twenty to eleven.
3. Redefine the goals to articulate better the Department's program, activities, and policies and harmonize them with the President's National Security Strategy.
4. Improve the description of the Department's core values.

RM/SPP is also working with offices and bureaus within the Department to improve their Strategic Performance Plans. Through strategic planning, a bureau/office establishes performance goals and indicators to serve as metrics of success in achieving those goals. RM/SPP is helping bureaus and offices establish goals that are in concert with the Department's overall strategic goals and indicators that can quantifiably show progress. The Department is now emphasizing that all funding requests by bureaus and offices be related to efforts reflected in the strategic plan. This will help to ensure that the provision of funding is closely tied to a bureau/office's progress toward a particular goal. It will also help ensure that funding is provided only to efforts that reflect the Department's priorities.

# GAO Contacts and Acknowledgments

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## Contacts

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## Acknowledgments

In addition to those named above, Margaret Best, Joseph Byrns, Kristeen McLain, Harry L. Purdy, Mary Reintsma, Susan Woodward, Joseph Zamoyta, and Michael Zola made key contributions to this report.

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# Related GAO Products

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*Combating Terrorism: Actions Needed to Guide Service's Antiterrorism Efforts.* [GAO-03-14](#). Washington, D.C.: November 1, 2002.

*Homeland Security: Department of Justice's Response to Its Congressional Mandate to Assess and Report on Chemical Industry Vulnerabilities.* [GAO-03-24R](#). Washington, D.C.: October 10, 2002.

*Homeland Security: OMB's Temporary Cessation of Information Technology Funding for New Investments.* [GAO-03-186T](#). Washington, D.C.: October 1, 2002.

*Homeland Security: Information Sharing Activities Face Continued Management Challenges.* [GAO-02-1122T](#). Washington, D.C.: October 1, 2002.

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*Combating Terrorism: Intergovernmental Cooperation in the Development of a National Strategy to Enhance State and Local Preparedness.* [GAO-02-550T](#). Washington, D.C.: April 2, 2002.

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*Combating Terrorism: Intergovernmental Partnership in a National Strategy to Enhance State and Local Preparedness.* [GAO-02-547T](#). Washington, D.C.: March 22, 2002.

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*Homeland Security: Challenges and Strategies in Addressing Short- and Long-Term National Needs.* [GAO-02-160T](#). Washington, D.C.: November 7, 2001.

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*Combating Terrorism: Issues to Be Resolved to Improve Counterterrorism Operations.* [GAO-99-135](#). Washington, D.C.: May 13, 1999.



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**Related GAO Products**

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*Combating Terrorism: Opportunities to Improve Domestic Preparedness Programs' Focus and Efficiency.* [GAO/NSIAD-99-3](#). Washington, D.C.: November 12, 1998.

*Combating Terrorism: Spending on Government Programs Requires Better Management and Coordination.* [GAO/NSIAD-98-39](#). Washington, D.C.: December 1, 1997.

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