

Homeland Security Spending since 9/11

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Introduction

Homeland Security is defined by the U.S. government as “a concerted national effort to prevent terrorist attacks within the United States, reduce America’s vulnerability to terrorism, and minimize the damage and recover from attacks that do occur.”¹ Homeland security as a mission area is divided up into three broad categories for the purposes of analysis and budgeting: (1) prevention and disruption terrorist attacks; (2) protection of the American people, critical infrastructure, and key resources; and, (3) responding to and recovery from incidents. The definition of mission and the creation of the new cabinet-level agency constituted the largest re-organization in U.S. government since World War II.

This paper estimates the direct costs of spending on Homeland Security given the response to 9/11. The research is drawn from government documents, Census Bureau data on local and state spending, Bureau of Labor statistics on occupation and various information on local, state and private security measures and spending.

By 2011, homeland security spending reached \$69.1 billion, nearly twice as high as spending in 2001 after taking inflation into account.²

Congressional appropriations were even higher in 2009. To put that increase in perspective, federal “on-budget” spending in all areas *other* than national defense increased by only about one-third over the same period.³ To put this number in perspective, the Department of Defense’s current operations costs for the wars in Iraq and Afghanistan totaled \$159 billion in 2011, more than twice what was spent securing the physical territory, people and infrastructure of the U.S. The breakdown of spending according to category within the homeland security mission area is presented in Table 1 for fiscal year 2011.

Mission	FY2011	Percent of Total
Prevent and disrupt terrorist attacks	\$32.9	48%
Protect the American people, critical infrastructure, and key resources	\$27.6	40%
Respond to and recover from incidents	\$6.8	12%
Total	\$69.1	100%

Source: Office of Management and Budget, *Budget of the U.S. Government, FY2012 Analytical Perspectives*. Numbers may not add due to rounding.

This paper measures the cost of the Bush administration’s response to September 11 in terms of homeland security. Though homeland security spending decreased in real terms (and even in

¹ Homeland Security Council, “National Strategy for Homeland Security,” October, 2007, p. 3.

² This calculation takes the original homeland security spending for 2001 without the supplemental that occurred due to 9/11.

³ “On-budget” spending is total federal spending minus off-budget items which are the Social Security trust funds and the Postal Service Fund. I excluded national defense, in other words, the military, because that part of the budget along with homeland security also experienced large increases over the decade.

nominal terms) since 2009, it is fair to say that the Obama administration has generally continued the policies of the Bush administration.

The paper also considers whether these increases in spending were necessary. On the one hand, if the administration had not pursued war, more attention might have been focused on intelligence and surveillance of the population indicating higher levels of homeland security spending. But, given the evolution of homeland security, redundant and unnecessary spending occurred. The Department of Homeland Security appears to have also followed in the footsteps of the Department of Defense where there is a lack of transparency and poor accountability for how money is spent.

In addition to federal spending, the paper briefly considers local and state spending as well as existing research on private sector security spending.

Perceived Need for Homeland Security

The perceived need for homeland security arose before 9/11. In 1998, the Clinton administration Secretary of Defense initiated the U.S. Commission on National Security/21st Century, also known as the Hart-Rudman Commission. The motivation to establish the Commission arose primarily due to a widespread belief in the changing nature of national security needs brought about by the impact of globalization. The argument for such an initiative went something like this: The processes of globalization promotes deeper integration of the world's economies, creating growth and stability throughout the world. But these very same processes are often disruptive to people's traditional way of life. Rising frustration may produce terrorists and terrorism. Though the U.S. no longer faces any real threats to its territory, with the exception of ballistic missiles, terrorism could lead to mass casualties. Existing national security institutions are not able to appropriately address the threat or consequences of terrorism. Thus, new institutions are needed and the Commission was established to investigate and make recommendations on the way forward.

The Commission analyzed national security requirements for the 21st century in three phases: from 1998-99, it studied trends in the global security environment, in 2000, it developed a national security strategy, and from 2000-2001, it created a "road map" for institutional and procedural changes to effect the new strategy. In its February 2001 report, it recommended creating a new "independent National Homeland Security Agency (NHSA) with responsibility for planning, coordinating, and integrating various U.S. governmental activities involved with homeland security."⁴ The NHSA would build on the Federal Emergency Management Agency by adding the Coast Guard, the Customs Service and Border Patrol.

While a bill was proposed in Congress following the Commission's recommendations in March 2001, no further action was taken by Congress.⁵ Thus, it is unlikely that significant energy and funding would have been devoted to homeland security in the absence of a major incident such

⁴ U.S. Commission on National Security available at <http://www.au.af.mil/au/awc/awcgate/nssg/> and U.S. Commission on National Security/21st Century, "Road map for national security: imperative for change: the phase III report of the U.S. Commission on National Security/21st Century," February 15, 2001, p. viii.

⁵ U.S. Department of Homeland Security History Office, "Brief documentary history of the Department of Homeland Security, 2001-2008," 2008.

as 9/11. In reaction to the tragedy, the Bush administration rapidly moved to create the cabinet-level agency and the mission area as distinct from the mission area of national defense, frequently referred to as “050” by security experts after its Office of Management and Budget code. In spite of spending as much on its military as the rest of the world combined, and having the most powerful, best trained and best equipped “Department of Defense,” the U.S. government proceeded to create another large bureaucracy tagged with the mission of defending the country.

Homeland Security Defined

The U.S. Department of Homeland Security became operational in 2003, absorbing 23 existing federal organizations from nine other federal departments. It launched with five directorates: Border and Transportation Security; Emergency Preparedness and Response; Information Analysis and Infrastructure Protection; Management; and Science and Technology.

The budgetary resources for the mission area of homeland security are spread over a number of federal agencies, not just the Department of Homeland Security. The agency’s mission also incorporates non-homeland security efforts such as response to natural disaster. In fiscal year 2010, \$70.9 billion was appropriated for homeland security as a mission, with \$35.9 billion, approximately half, for the Department of Homeland Security. The budget for the entire agency was \$43.6 billion. The Department of Defense is the next largest agency involved in the mission of homeland security consuming 27 percent of spending, followed by the Department of Health and Human Services with 7 percent of spending.⁶ See Appendix for a visual representation of the activities of homeland security as a mission area and the Department of Homeland Security.

A Decade of Spending on Homeland Security

Federal spending on homeland security increased from \$17.1 billion in Fiscal Year 2001 to more than double in real terms by 2011. The annual spending is presented in Table 2. Annual federal spending grew at an average pace of 3 percent during the 1990s. By assuming that homeland security would have grown at a similar pace during the first decade of the 2000s in the absence of 9/11, it would have only reached \$23 billion by 2011. Using the 3 percent growth for each year, we estimate that homeland security appropriations were \$369 billion higher than they would have been had they otherwise grown gradually at the rate that the federal budget grew prior in the 1990s. These numbers, from 2001 to 2011 and the totals are illustrated in Table 2 and Figure 1.

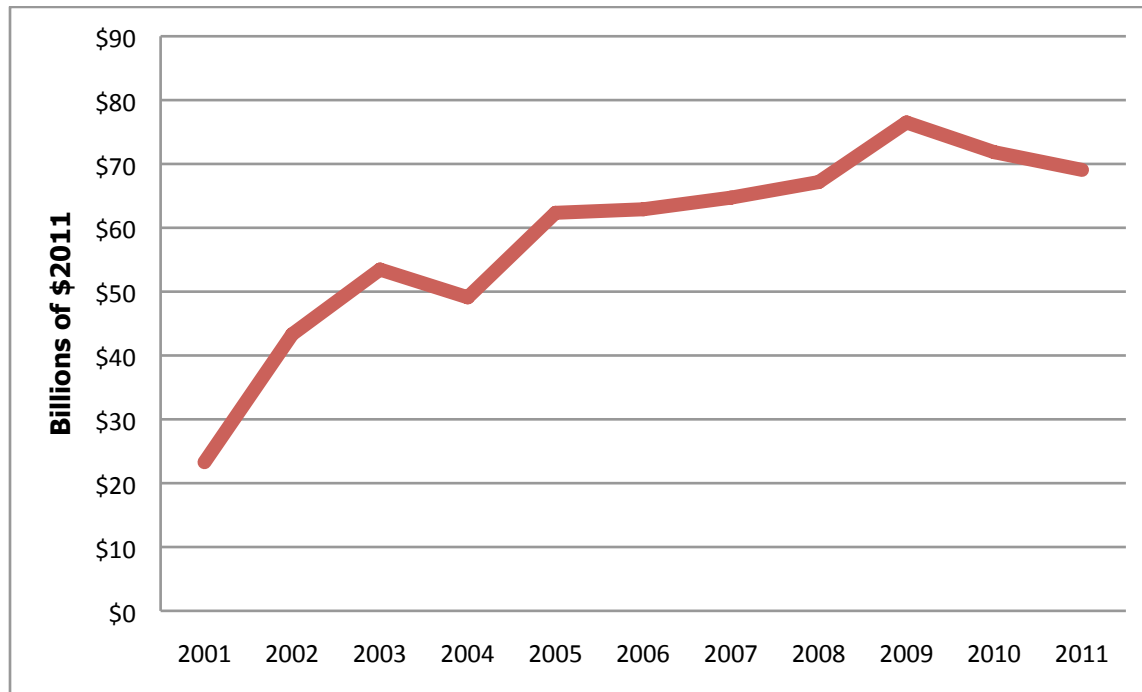
Table 2: Federal Homeland Security Spending (in current billions of dollars)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	TOTAL
Federal Homeland Security Spending	20.7*	33.0	42.4	40.8	54.4	57.1	60.8	65.1	74.0	70.7	69.1	\$648.6
Hypothetical Growth		17.6	18.2	18.7	19.2	19.8	20.4	21.0	21.7	22.3	23.0	\$201.9
Spending Due to 9/11	3.6	15.4	24.3	22.1	35.1	37.3	40.4	44.1	52.3	48.3	46.1	\$369.1

⁶ U.S. Office of Management and Budget, “Budget of the U.S. Government: Analytical Perspectives, Fiscal Year 2011,” 2010, pp. 379-386.

* This includes the 17.1 billion already allocated and the increase after 9/11.

Figure 1: Homeland Security Spending, fiscal years 2001-2011 (in billions of \$2011)*



*Fiscal year 2001 is displayed with the supplemental spending added.

It can be argued that homeland security would not have necessarily grown at the pace of the budget during the 1990s, especially since with or without 9/11, the administration was different. Perhaps, though, this means that there would be little to no growth in homeland security at all. There was little indication that in the absence of 9/11, homeland security would have been given much attention at all by either the administration or by Congress.

State and Local Spending and Private Spending

State and local spending on homeland security is much more difficult to estimate because of the availability of data. Spending is embedded in other categories such as public safety and without specific analyses by towns and states, it is difficult to determine how much spending on this aspect of public safety – as opposed to general public safety – has changed.

Spending on public safety between 2001 and 2008 (the most recent year available) increased by 47 percent (in nominal dollars), but overall state and local spending increased by 49 percent.⁷ While homeland security spending is spread out through different government activities, if there was a significant increase in spending at the local and state level related to homeland security, we would expect that public safety would increase by more than the rate of the increase in total spending.

⁷ Data are available through the U.S. Census Bureau, State & Local Government Finance.

Employment in protective service occupations did grow by 8 percent between 2001 and 2010, while total employment in the U.S. shrunk by 1 percent. This growth might be indicative of more spending on homeland security at the state and local level. But, one-fourth of that growth is for correctional officers and jailers. The next largest source of growth is for police and sheriff's patrol officers, which could indicate more labor power focused on surveillance.⁸ But other datasets that specifically measure state and local government employment paint a slightly different picture. The Census of Government Employment, carried out by the U.S. Census Bureau provides additional information about employment in public safety. Between 1997 and 2002, full-time equivalents in police protection for state and local governments grew by 11 percent. Between 2002 and 2007, the police protection employment grew by 5 percent. But these increases in employment for police protection mirror employment growth in total state and local employment. Growth between 1997 and 2002 for total state and local employment was 10 percent and during 2002 and 2007 was 5 percent. In fact, according to the Bureau of Labor Statistics, data was very similar for all occupations and for the protective service occupations from 2001 to 2007. The comparison between the two for the decade (from 2001 to 2010) is misleading because private sector employment drops considerably due to the recession, which began at the end of 2007.

Based on examining state and local spending data and employment data, I conclude that there is no concrete evidence to conclude that state and local spending on homeland security substantially increased over the decade. But, there are claims that cities, if not also states, have undergone expenses due to the war on terror. According to a U.S. Conference of Mayors' survey, in the 15 months following September 11, cities spent \$2.6 billion in additional homeland security costs. A survey of nearly 150 cities found that cities were spending an additional \$21.4 million per week in additional direct homeland security costs because of the Iraq War and frequent threat alerts. The Conference extrapolated the figure to conclude cities nationwide were spending \$70 million per week more due to the war.⁹

While certainly state and local governments have spent more money, much of this money has been provided by federal grants and so is already calculated above. The extent to which money has been spent but has not been covered by federal grants is difficult to extrapolate due to insufficient data. Because the data on local and state spending may not make apparent significant increases in homeland security spending, it may also be the case that resources are expended for homeland security by taking away resources from other needs. This would then imply that the costs are measured through the neglect in traditional government services.

Private spending is impossible to detail. Businesses do not release such information and do not themselves track different types of security costs. Hobijn and Sager report that there was an increase of 0.7 million private electronic security systems between 2001 and 2005. The increase in these systems pales in comparison to the increase in the period between 1997 and 2001 which was 4.7 million systems. Thus, the authors conclude that investment in security-related capital has not increased due to September 11, but we might further conclude that blowback from the

⁸ Calculations based on the U.S. Bureau of Labor Statistics, Occupational Employment Statistics.

⁹ U.S. Conference of Mayors, "Survey on Cities' Direct Homeland Security Cost Increases Related to War/High Threat Alert," March 2003.

Iraq War has also not prompted increased security.¹⁰ Combined with the information presented above on employment in protective occupations, there is little evidence to suggest that September 11 has prompted an increase in security spending in the private sector.

Homeland Security – Spending Too Much or Too Little?

There is one question that examining these data raise: Would an alternative approach – one in which the U.S. would not have engaged in long-term wars in Afghanistan and Iraq – have led to higher levels of homeland security spending or lower levels? An argument could be made that the wars distracted from defending against terrorism within U.S. territory.

In the absence of prosecuting two wars, other priorities may have been addressed. These alternative priorities include enhancing port security to ensure that goods entering U.S. borders did not include unknown harmful materials.

On the other hand, perhaps homeland security spending was inflated in an atmosphere of heightened fear and irrational decision-making. Moreover, the threat of backlash against the wars in Afghanistan and Iraq – or blowback, as the CIA calls it – may have necessitated additional spending.

The Unified Security Budget (USB), an annual report published by a Task Force of national security experts, came to the conclusion that at least enough money was spent on homeland security, and some of the money that was spent was on under-performing and non-performing programs. The principal authors are Lawrence Korb, former Assistant Secretary of Defense under the Reagan administration, currently with the Center for American Progress, and Miriam Pemberton, long-time scholar of national security issues and currently with the Institute for Policy Studies.¹¹ The USB divides national security spending into three categories: offense (military approaches), defense (homeland security), and prevention (spending on measures such as diplomacy and international assistance). The original premise of the work of the Task Force was that national security spending was out of balance. Too much was spent on offense and not enough on defense and prevention.

For fiscal year 2011, the USB authors proposed cuts to the homeland security budget and shifting the money to higher priority programs. The specific recommendations accepted the cuts in Department of Homeland Security's departmental operations recommended by the House Appropriations Subcommittee on Homeland Security; funding only half of the proposed increase for the Advanced Imaging Technology program of the Transportation Security Administration; eliminating proposed increases elsewhere; and imposing a very slight decrease (0.2 percent) in lower priority or under-performing programs in the Department of Homeland Security. These very modest changes would lead to a \$1 billion in savings which could fund increased First

¹⁰ Hobijn, B. and E. Sager, "What Has Homeland Security Cost? An Assessment: 2001-2005," Federal Reserve Bank of New York, Volume 13, Number 2, February 2007.

¹¹ Korb, L. and M. Pemberton, "A unified security budget for the United States," Foreign Policy in Focus of the Institute for Policy Studies, August, 2010. The author is a member of the task force.

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Responder Grants, Center for Disease Control State and Local Capacity Grants, and the Department of Health and Human Services Hospital Preparedness Grants.¹²

Huge increases in spending are not always easy to absorb by different branches of government. For example, the Office of Health Affairs located in the Department of Homeland Security may actually create more confusion if a health emergency were to occur because there is an already existing government agency tasked with the mission of dealing with a health emergency. The Office of Health Affairs (OHA), created in the massive government reorganization is “the principal advisor to the Secretary [of Homeland Security] and the Federal Emergency Management Agency Administrator on medical and public health issues.”¹³ According to the OHA website, its mission is to support the Department in preparing for and responding to threats. But, the Department of Health and Human Services is the principal agency for protecting America’s health and contains within it the Center for Disease Control as well other divisions tasked with preparing for and responding to public health emergencies. This type of redundancy indicates wasteful spending. Nevertheless, the Obama administration, in its fiscal year 2012 budget request proposed to increase the OHA budget by 53 percent which would bring its budget to nearly a quarter of a billion dollars.

As Richard Clarke, the chief counter-terrorism advisor on the National Security Council, often referred to as the “counter-terrorism czar”, said “President Bush said to us in the basement of the White House on the night of 9/11, ‘You have everything you need.’ And that was true because as soon as we went to the Congress, they said, ‘Just tell us what you need.’ Blank check.”¹⁴ There was plenty of money for homeland security and perhaps too much. Anthony Cordesman of the Center for Strategic and International Studies described the phenomena of money flowing to the new bureaucracy as “a candy store without a price tag.”¹⁵

The way in which the Bush administration focused on homeland security, the intelligence gathering and policing focused on surveillance rather than protection. For example, police in Maryland assigned undercover detectives to infiltrate peace and climate change organization.¹⁶ Focusing on nuns protesting war and youth concerned about their future was essentially throwing money out the window. But apart from the money and the violation of civil liberties, all of the information gathered by local police and fed into the state and federal systems had another downside. Federal intelligence agencies may end up dealing with too much information so that additional information becomes noise. In Maryland, photographs are taken of people’s license plates and then stores the images in a database. This practice was imported from the streets of Baghdad where the U.S. military used this technology.¹⁷ But again, the billions of dollars used for local police to watch for suspicious behavior may actually be counterproductive.

¹² Korb, L. and M. Pemberton, “A unified security budget for the United States,” Foreign Policy in Focus of the Institute for Policy Studies, August, 2010. See especially pp. 51-54.

¹³ Department of Homeland Security, Office of Health Affairs, “About the Department: Overview,” available at http://www.dhs.gov/xabout/structure/editorial_0880.shtm.

¹⁴ Public Broadcasting Service, “Frontline: Are We Safer?” Transcript, available at: <http://www.pbs.org/wgbh/pages/frontline/are-we-safer/etc/transcript.html>.

¹⁵ Ibid.

¹⁶ Ibid.

¹⁷ Ibid.

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Recent terrorist attempts have been stopped through the use of old-fashioned policing techniques and the incompetence of the terrorist themselves. The exceptionalism of September 11 should not change the nation's priorities such that terrorist attacks are overblown and other very real threats are ignored. A cost-benefit analysis would suggest that a tremendous amount of money – a half trillion over the past decade – has been spent for the very small chance that there is another terrorist incident. But the quality of life is diminished for many people due to hunger or illness. Many of these issues can be addressed but we do not devote the same resources. Moreover, the terrorist attempts, such as the SUV with explosive devices parked in Times Square in May, 2010, were thwarted by the awareness of the population and old-fashioned policing rather than expensive technology.

In sum, the rapid expansion of homeland security spending has led to the creation of redundant activities, enabled wasteful spending, led to the surveillance of innocent citizens exercising their Constitutional rights, and created too much information for law enforcement to adequately filter or utilize.

Appendix: The overlap between homeland security as a mission area and the Department of Homeland Security

