Proposed Dept. of Homeland Security Would Include NIH, DOE, and USDA R&D Programs

(This special analysis examines the potential implications for federal R&D funding of the Bush Administration's proposal to create a new Department of Homeland Security (DHS) by the end of the year. The complete series of AAAS R&D Funding Updates, including continually updated analyses of R&D by agency in FY 2003 appropriations, is available on the AAAS R&D Web Site (http://www.aaas.org/spp/rd) in the "FY 2003 R&D" or the "What's New" sections.)

The Proposed Department of Homeland Security

On June 6, after months of resisting calls from Congress to create a Cabinet-level department to oversee homeland security and coordinate counter-terrorism activities, President Bush announced his proposal to create a consolidated Department of Homeland Security (DHS) out of existing government programs currently scattered among a dozen federal departments. [The new department would have a vast operational reach, a budget of up to $35 billion, and up to 170,000 federal employees.]

On June 18, the Administration delivered to Congress draft legislation to establish the new DHS. [Congress quickly responded by stating its intention to pass the legislation by the end of the year; this July, both the House and the Senate are rushing to draft their own versions of legislation, incorporating the President's proposals as well as congressional modifications.] While the idea of creating DHS is no longer controversial and enjoys bipartisan support, there will be intense debate over the numerous details. Creating the DHS will require the most extensive reorganization of the executive branch since World War II, and could involve the elimination of some agencies, the mergers of others, the transfer of authority over up to 170,000 federal employees, the physical transfer of an unknown number of civil servants, and the meshing together of nearly two dozen federal units into a new organizational structure. Complicating matters is the urgent need to accomplish this restructuring without any loss of effectiveness in current efforts to combat terrorism and make U.S. borders more secure.

The DHS R&D Portfolio

The proposed DHS would fold in R&D programs from five existing departments (HHS, DOE, Commerce, USDA, and DOT). Below is a brief overview of the R&D programs proposed to be transferred to DHS in the draft Administration legislation. Precise R&D funding figures are not available because of the vague and continually shifting parameters of the proposal. The legislation offers only the broadest outlines for the new department, and offers little detail over how the new department would operate. While the original June 6 announcement suggested that DHS would have a $3.4 billion R&D portfolio (AAAS estimate) out of a $37.5 billion budget, making it the sixth-largest R&D funding agency, the legislation suggests a portfolio of $2.3 billion or less (AAAS estimate) [out of a slightly smaller $35 billion budget], nearly all from programs currently in the National Institutes of Health (NIH). [The current House version of the legislation (HR 5005) would have even less R&D, approximately $500 million.] DHS would be divided into four divisions, corresponding to its four main missions:

- **Information Analysis and Infrastructure Protection:** This division's primary responsibility would be to integrate and analyze intelligence from various agencies, including the CIA and FBI (which would not become part of DHS). Although R&D would not be a large part of this division, the legislation would transfer the **Department of Energy's (DOE) National Infrastructure Simulation and Analysis Center (NISAC)** to DHS. NISAC is a partnership between two of DOE's national laboratories, Los Alamos and Sandia, both in New Mexico. NISAC has a budget of $20 million in FY 2002 and performs R&D to analyze critical infrastructures and their vulnerabilities, and simulate infrastructure or biological attack scenarios. The **Department of Commerce's National Institute of Standards and Technology** (NIST) would contribute its Computer Security Division, part of the NIST laboratories, to DHS. [The House Science

Committee has reported legislation that would keep this division within NIST; the full House's draft legislation (HR 5005) concurs with the Committee. The Senate has not acted yet on this proposal.]

- **Chemical, Biological, Radiological and Nuclear Countermeasures:** This division would have primary responsibility for setting research priorities and conducting an integrated R&D program to enable the U.S. to respond to attacks using weapons of mass destruction. **This division would contain most of the R&D proposed for the new department.** The original June 6 announcement proposed that all of **DOE's Lawrence Livermore National Laboratory (LLNL)**, with a proposed budget in FY 2003 of $1.2 billion, would move to DHS. Most of LLNL's work deals with maintaining the safety and reliability of the nation's nuclear stockpile using science rather than testing. In the draft legislation, only parts of LLNL such as its Advanced Scientific Computing Research program and its Intelligence program and other programs as needed would move to DHS, perhaps as a DHS office within the larger laboratory. Among other DOE programs, the Biological and Environmental Research program's microbial pathogens activities, and the national security and nuclear smuggling and other homeland security-related programs within Nonproliferation & Verification R&D would move to DHS. Because these programs are embedded within larger programs, it is unclear how large these transfers would be, but combined they could total around $100 million. The only DOE laboratory that would be transferred in its entirety to DHS would be the small Environmental Measurements Laboratory in New York City. [The House legislation would follow the Administration proposal for DOE programs.]

The largest part of DHS' R&D spending would go to civilian biological defense research programs currently operated by the Department of Health and Human Services (HHS). The June 6 announcement suggested that all **National Institutes of Health (NIH)** bioterrorism-related R&D along with some R&D at the Centers for Disease Control and Prevention (CDC; both are HHS agencies) would be transferred, with a proposed budget of $2.0 billion in FY 2003. But the legislation would not transfer any employees or laboratories to DHS. Instead, DHS would transfer R&D funds directly to NIH and CDC for distribution through their existing grant and laboratory infrastructures. DHS would have the authority to set the bioterrorism research agenda in consultation with HHS. Nearly all of the NIH R&D funds would go through the **National Institute of Allergy and Infectious Diseases (NIAID)** except for funds for construction of biosafety laboratories in **Buildings and Facilities**. [The latest House version of the legislation would keep bioterrorism R&D funding in HHS, only specifying that DHS would have input into setting the research agenda.]

The other affected department under this mission would be the **U.S. Department of Agriculture (USDA).** Its **Plum Island Animal Disease Center** off Long Island, New York, with a budget of $25 million and 124 federal employees, would be transferred to DHS. It is currently funded by USDA's Agricultural Research Service. [The House legislation would concur with the Administration. The House version of the legislation would also transfer some activities of DOD's Chemical and Biological Defense Program to DHS.]

- **Border and Transportation Security:** This division would be by far the largest of the four in terms of budget and personnel, and would integrate federal government operations aimed at securing U.S. borders and transportation systems. It would fold in the Immigration and Natural Service, the Customs Service, the Coast Guard, the Animal and Plant Health Inspection Service (APHIS) of USDA, and the recently created Transportation Security Administration (TSA). This division would inherit these agencies' small R&D programs, including the Coast Guard's ($24 million in FY 2003), the TSA's aviation security R&D (a preliminary estimate of $95 million in FY 2003), and APHIS's R&D portfolio ($29 million in FY 2003).

- **Emergency Preparedness and Response:** This division would coordinate all federal assistance in response to disasters (including natural disasters) and domestic attacks. There would be no R&D programs within this mission, although DHS would gain the authority to fund construction of terrorism-related R&D facilities at HHS through direct funds transfers. The $185 million in FY 2003 NIH Buildings and Facilities funding for biosafety laboratories could originate here; the resulting facilities would be NIH-operated laboratories. [The latest House version of the legislation does not contain this NIH provision.]

Although the proposed DHS would have enormous impacts on the federal government and especially on goods and travelers crossing U.S. borders, the impact on scientists and engineers would be minimal. Few federal scientists and engineers would be affected except the small number of USDA, NIST, DOT, and DOE or DOE contractor employees proposed to be transferred. The new priority-setting powers of DHS, however, would mean that NIH bioterrorism research priorities would be set with strong input from DHS.

Next Steps and Possible Impacts

[The draft legislation must now be approved by Congress; both the House and Senate have set up expedited procedures for considering the proposal; both chambers hope to have their versions of the legislation approved before a month-long August recess, after Congress revises it and probably expands it to provide greater detail. The goal is to have final legislation to the President's desk on or soon after September 11.]

One major issue not addressed by the draft legislation is how to fund the new department, or how much money it will need. [Although the Administration claims that the $35 billion proposed in February in the FY 2003 budget request for DHS' component programs will be sufficient for the FY 2003 DHS budget, others are skeptical that there will be enough savings and elimination of duplicative functions to pay for the increased managerial costs of such an enormous organization, not to mention the transition costs of moving thousands of employees to a new organization and/or new physical locations, installing compatible information systems, and merging chains of command. It seems likely that the DHS budget will need to be substantially larger than the sum of its parts, especially in the first few years. The Congressional Budget Office estimates that the department could require more than $200 million annually in extra administrative costs, not counting one-time costs of buying new computer equipment and other set-up costs.]

There is little doubt that the proposal will change as it moves through Congress. In just two weeks from the initial announcement to the draft legislation, major changes in the proposed DHS R&D portfolio (the removal of LLNL from the transfer list) have already happened. Congress is likely to give serious thought to keeping bioterrorism R&D funding within NIH and CDC instead of moving the funds to DHS. If that happens, then DHS would be left with a far smaller R&D portfolio. [The House legislation, because it does not transfer NIH and CDC R&D to the department, would result in a DHS with an R&D budget of less than $500 million.]

[Another likely change is that Congress may approve the creation of a central Office of Science and Technology within the new DHS, led by an Under Secretary for Science and Technology, to coordinate the department's science and technology programs and to oversee its R&D funding. The House Science Committee recently approved draft legislation creating an Under Secretary for S&T, which was incorporated into the House version of the legislation. The Under Secretary would be assisted by a Homeland Security Science and Technology Coordination Council composed of top DHS officials. The legislation also authorizes the department to set up its own R&D programs as necessary, with a budget that could be $300 million a year if appropriated, including up to $50 million for university research centers. These provisions will most likely be included in the final Senate legislation. DHS could also designate a national laboratory to be a headquarters laboratory for homeland security under the House legislation.]

AAAS will continue to monitor the DHS proposal and its implications for federal R&D as it moves through Congress, and will update this analysis as events warrant. (Further AAAS R&D Funding Updates on the AAAS R&D Web site will provide up-to-date information on R&D in FY 2003 appropriations, including the eventual fate of the Department of Homeland Security proposal.)

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