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Homeland Security Appropriations

This Fact Sheet deals with HR 4567, Homeland Security Appropriations for FY 2005; the House is scheduled to conduct general debate on the bill on Wednesday, June 16, and consider amendments on Thursday or Friday.

The bill appropriates \$33.1 billion, \$2.8 billion (9%) more than the current funding level and 3% more than requested. The measure provides substantial increases for several elements of the Homeland Security Department, including a 29% increase for the Transportation Security Administration, 24% more for science and technology programs, 8% more for the Coast Guard, and 5% more for Customs and border protection. It cuts funding for formula-based state grants, however, by 26%, and cuts firefighter assistance grants by almost 20% in order to fund the large increases in aviation and border security operations.

The bill expands current law prohibiting the department from entering into a contract with a company that is headquartered out of the country for tax purposes, a provision intended to block a \$10 billion contract with a company headquartered in Bermuda for the program to implement a computer system to track foreign visitors to this country. The committee report directs the department to develop a plan to reopen Washington's Reagan National Airport to general and charter aviation by this December.

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Section I

Background & Summary

This is only the second appropriations bill for the Department of Homeland Security, which formally came into existence on March 1, 2003. In its first year, the department received mixed reviews as it merged all or part of 22 different federal agencies into a single department. Major agencies transferred included the U.S. Coast Guard, Transportation Security Administration (TSA), Customs Service, Federal Emergency Management Agency, Secret Service, Immigration and Naturalization Service (INS), and agricultural import and entry inspection functions of the Animal and Plant Health Inspection Service.

Just as the federal government undertook its most extensive reorganization in decades, the Appropriations committees also reorganized, creating a new subcommittee with oversight over the department. Last year's appropriations bill for Homeland Security was one of the few to pass on its own and was even enacted prior to the start of the fiscal year. That law (PL 108-90) appropriated \$30.4 billion for programs and activities of the department, which when combined with approximately \$4.8 billion in immigration and passenger screening user fees, provided the Homeland Security Department with total programmatic funding of \$35.2 billion.

In his budget request, the president proposed expanding discretionary funding for the department by 6%, and this year's bill is expected to have one of the largest increases over current spending. The Homeland Security bill also is expected to be one of the few to be enacted prior to the start of the fiscal year.

Last year's major disagreements centered on funding for port security grants, assistance to "first responders," and other programs that Democrats said were essential to meet homeland security needs. In its consideration of the legislation this year, the Appropriations Committee heard many of the same arguments. Democrats offered amendments to increase the funding for chemical plant and aviation security programs, but their attempts were largely rejected. There could be additional efforts on the House floor to increase funding for grant programs, especially because two key grant programs were cut by the committee in order to fund aviation and border security operations.

The most controversial element of the committee's markup of the bill was an amendment offered by Rep. Rosa DeLauro, D-Conn., and adopted by a vote of 35 to 17, to expand current prohibitions on contracting with expatriate companies to strip Accenture, a company based in Bermuda, of a \$10 billion contract to build the department's foreign visitor tracking system, known as US VISIT. This is similar to an

amendment adopted last year by the committee, but removed on the House floor when it was not protected from points of order by the rule on the measure. It is unclear whether the provision will survive this year's debate.

The Senate Appropriations Committee may begin work on its version of the legislation this week.

Summary

HR 4567 appropriates a total of \$33.1 billion for the Homeland Security Department, including \$32 billion in discretionary spending and \$1.1 billion in mandatory spending. The bill provides \$2.8 billion (9%) more than current funding and \$895 (3%) more than requested. Of the amounts provided in the bill, \$30.6 billion is for FY 2005 appropriations, while \$2.5 billion is an advance appropriation for the president's Bioshield initiative. In addition to the direct appropriation, the measure provides for the use of nearly \$5.3 billion in various security, customs and immigration fees, bringing the total funds available to the department in FY 2005 to \$38.4 billion.

Contracts with Expatriate Companies

The measure expands a provision in current law prohibiting the department from entering into a contract with a company that is incorporated overseas for tax purposes. This provision is intended to block a \$10 billion contract that the department signed with Bermuda-based Accenture for the US VISIT program.

Security, Enforcement & Investigations

The bill appropriates a total of \$20.6 billion for security, enforcement and investigation activities carried out by the department as follows:

- **Bureau of Customs & Border Protection** — \$6.3 billion, \$311 million (5%) more than FY 2005 and \$58 million (1%) more than requested.
- **Bureau of Immigration & Customs Enforcement** — \$3.5 billion, \$147 million (4%) less than current funding, as the administration requested.
- **Transportation Security Administration (TSA)** — \$5.1 billion, of which \$1.9 billion would be offset through the collection of aviation security and credentialing fees. This total amount is \$717 million (29%) more than current funding and \$743 million

(17%) more than requested. It continues a provision in current law that restricts the total number of aviation screeners to 45,000 and provides an additional \$10 million to increase the number of air cargo screeners.

- **Coast Guard** — \$542 million (8%) more than current funding, including a \$1.2 billion transfer of budget authority from the Defense Department.
- **Secret Service** — \$1.2 billion, \$49 million (4%) more than current funding and \$20 million more than requested.

Preparedness & Recovery

The measure provides \$4.1 billion for the Office of State and Local Coordination and Preparedness, which coordinates information sharing between the federal government and state and local entities and provides grants to first responders on the state and local level. The bill includes \$3.4 billion for state and local grant programs, \$363 million (12%) more than requested and \$156 million (5%) more than current funding. The measure cuts the formula-based grants program for states by \$440 million, providing \$1.25 billion in FY 2005, which is, however, \$550 million (44%) more than requested. It also cuts firefighter assistance grants by \$146 million (19.5%).

The bill provides \$5.4 billion for disaster relief and emergency response activities conducted by the Emergency Preparedness and Response Directorate, of which \$2.9 billion is provided for FY 2005 operations and \$2.5 billion is provided in advance appropriations through FY 2008 for the president's Bioshield initiative.

Other Homeland Security Activities

The measure provides funding for other directorates and agencies as follows:

- **Science & Technology Directorate** — \$1.1 billion, \$220 million (24%) more than current funding and \$93 million (9%) more than requested. The measure allocates \$123 million for nuclear and radiological countermeasures and \$61 million for technology to combat shoulder-fired anti-aircraft missiles that can hit civilian aircraft.

- **Information Analysis & Infrastructure Protection** — \$855 million for the division that analyzes information on terrorist threats and identifies vulnerabilities, \$20 million (2%) more than current funding, but \$10 million (1%) less than requested.
- **Citizenship & Immigration Services** — \$1.7 billion, \$68 million less (4%) than current funding and \$20 million (1%) more than requested.
- **Federal Law Enforcement Training Center** — \$221 million, \$25 million (13%) more than requested and \$30 million (15%) more than current funding.
- **Departmental Management** — \$634 million, \$182 million (40%) more than current funding, but \$79 million (11%) less than requested. The measure provides no funding for the department's Office of Legislative Affairs. It provides \$211 million for department-wide technology upgrades and \$65 million for construction at the department's headquarters, the Nebraska Avenue Complex.

General Aviation at National Airport

The committee report directs the department to work with the TSA and the Secret Service, to develop a plan that will reopen Ronald Reagan Washington National Airport to general aviation and charter service by Nov. 30.

References

The Appropriations Committee reported the bill by voice vote (H Rept 108-541).

See CQ Weekly, pp. 1418 (full committee markup), 1350 (subcommittee markup), 1331 (overview), 358 (budget request).

Section II

Security, Enforcement & Investigations

This section summarizes the provisions of HR 4567, Homeland Security Appropriations for FY 2005, that deal with programs and activities of bureaus within the Homeland Security Department's Border and Transportation Security Directorate, as well those conducted by the U.S. Coast Guard and Secret Service — which under the law (PL 107-296) creating the department were kept as a separate entities, outside the department's four operational "directorates."

The bill appropriates a total of \$20.6 billion for these entities — \$1.5 billion (8%) more than current funding and \$553 million (3%) more than requested. In addition, it allows the use of \$3.2 billion in various immigration and security fees, for a total funding level of \$23.8 billion.

Total funding for individual bureaus and agencies include \$6.3 billion for the Bureau of Customs and Border Protection, 5% more than current levels and 1% more than requested; \$3.6 billion for the Bureau of Immigration and Customs Enforcement (BICE), the same as requested; \$5.1 billion for the Transportation Security Administration (TSA), 17% more than requested; \$7.3 billion for the Coast Guard, 8% more than current funding; and \$1.2 billion for the Secret Service, 4% more than current funding and 2% more than requested.

Bureau of Customs & Border Protection

The bill appropriates \$5.2 billion for the Homeland Security Department's Bureau of Customs and Border Protection — which when combined with \$1.1 billion expected to be provided to the bureau through various immigration and inspection user fees, would provide a total of \$6.3 billion for the bureau in FY 2005. This total is \$311 million (5%) more than FY 2004 appropriations and \$31 million (1%) more than requested.

The bureau — which was formed by combining inspectors and other personnel from the old U.S. Customs Service and Immigration and Naturalization Service (INS), the Animal and Plant Health Inspection Service, and the U.S. Border Patrol — is responsible for examining all incoming trade and visitors to the United States and for securing the U.S. border.

Within the provided total, \$4.6 billion is directly appropriated for salaries of the bureau's employees and various expenses, including \$2.3 billion for border inspections and trade facilitation and \$1.6 billion for border control and control at ports of entry. The Container Security Initiative receives \$127 million, twice the level of current funding and equal to requested amounts. The measure also allows up to \$1 million to be used to pay informants.

The bill provides \$450 million for the modernization of border and customs technology systems, particularly automated systems used to track and process U.S. exports and imports. Of this amount, \$321 million is for the Automated Commercial Environment, none of which may be spent until the House and Senate Appropriations committees receive an expenditure plan. It also provides \$92 million for construction.

The measure contains several provisions related to the Border Patrol's Tucson sector in Arizona. It prevents the use of funds for constructing a permanent checkpoint, requires that the tactical checkpoints be moved an average of once every 14 days in a manner that prevents prediction of its locations, and requires an expenditure plan for any proposed permanent checkpoint in the sector.

Bureau of Immigration & Customs Enforcement

The agreement appropriates \$3.4 billion for BICE — which when combined with \$225 million expected to be provided to the bureau through immigration user fees and other funds, would provide a total of \$3.6 billion for the bureau in FY 2005. This total is \$91 million (2%) less than current funding and \$56 million (2%) more than requested.

The bureau, which was formed by combining the investigative, intelligence, and interdiction elements of the old Customs Service and INS, along with the protective functions of the Federal Protective Service, is responsible for enforcing immigration and customs laws in the United States, as well as for investigating fraud, forced labor, trade agreement non-compliance, money laundering, smuggling, and cargo theft. The measure provides a direct appropriation of \$2.4 billion for the salaries and expenses of BICE investigators and other personnel.

The bill provides \$663 million for the Federal Air Marshals, \$50 million (8%) more than the administration requested and \$40 million (6%) more than current funding. In its report, the committee directs that any BICE agents who also serve as Federal Air Marshals serve at least 24 hours per quarter as a marshal.

It also provides \$478 million for the Federal Protective Service, all of which is to be offset through fees. The service protects public buildings under the jurisdiction of the General Services Administration. In its report, the committee requires, a report on tactical and special missions from FY 2003 to FY 2005.

The bill provides \$258 million, the amount requested, for air and marine interdiction activities, including the interdiction of narcotics and goods, support to federal, state and local entities in the enforcement or administration of laws enforced by both Customs and Border Protection and BICE, and other law enforcement or humanitarian assistance when approved. The measure requires approval by the Appropriations committees prior to the transfer of aircraft or other equipment, unless it is one-of-a-kind or has been identified as excess.

The bill also provides \$40 million for automation modernization and \$26 million for construction.

US VISIT System

The measure includes a separate \$340 million appropriation, outside the accounts of the individual bureaus, for continued development of the U.S. Visitor and Immigration Status Indicator Technology (US VISIT) system. This is a new visa tracking system that uses biometric identifiers in U.S. travel documents to enable the department and other law enforcement agencies to more accurately track the entry and departure of people visiting the United States. The amount is \$12 million more than current funding and the same as the administration's request.

The bill prevents \$254 million (75%) of the funds from being obligated until the House and Senate Appropriations committees receive an expenditure plan.

Transportation Security Administration

The measure provides a total funding level of \$5.1 billion for activities of the Transportation Security Administration (TSA), which was created in late 2001 after the Sept. 11 terrorist attacks and is responsible for screening airline passengers and promoting security in all forms of transportation, including aviation, rail, maritime, and surface transportation. The total provided for TSA is \$717 million (29%) more than current funding and \$473 million (17%) more than requested.

Of the total provided to TSA in FY 2005, it is estimated that \$1.9 billion (38%) will be derived from aviation security and credentialing user fees, including the \$2.50 fee charged to airline passengers for screening at airports. The \$1.9 billion appropriated in the bill does not reflect the total collected fees. Under the Vision 100 — Century of Aviation Reauthorization Act (PL 108-176), \$250 million of the aviation security fees collected each year must be placed in the Aviation Security Capital Fund for a grant program administered by the department. This amount is not directly appropriated.

The bill authorizes TSA to use unclaimed money for aviation security and to sublet parking and other facilities to their employees. The measure also requires the TSA to follow the same acquisition procedures for services that it would for goods.

Aviation Security

The bill provides \$4.3 billion for TSA aviation security activities — \$32 million (1%) more than requested and \$546 million (15%) more than current funding. The measure offsets an estimated \$1.8 billion with aviation security fees. The administration had proposed increasing the fees charged to airlines to provide an additional \$400 million

in offsets, but the committee rejected this approach, thus providing a greater direct appropriation than requested.

As with last year's bill, this bill extends for FY 2005 restrictions in current appropriations law that limit to 45,000 the number of full-time airport screeners that TSA may employ. It also limits the federal share of projects at medium or large hub airports to 75% and the federal share at smaller airports to 90%.

Within the total provided for aviation security, the committee recommends \$2 billion for passenger screening, including \$130 million for five private-screening pilot projects. The total also includes \$1.4 billion for baggage screening activities — including \$150 million to procure explosive detection machines to screen baggage at airports and \$250 million to modify airport terminals to accommodate the machines.

Under the bill, security direction activities receive \$847 million, including \$40 million for air cargo activities. Of the \$40 million, \$10 million is provided to hire an additional 100 air cargo screeners. The measure continues a current provision requiring research, development and procurement of certified inspection and screening system. It requires the enhancement of current "known shipper" system, to ensure that 100% of cargo on passenger planes is from a certified known shipper or meets other criteria. The bill authorizes the department to amend existing directives to, at a minimum, double the percentage of cargo that is screened.

The measure provides \$40 million — \$20 million (33%) less than requested — for the Computer Assisted Passenger Prescreening System, also known as "CAPPS II," which would match passengers' names against terrorist watch lists, credit bureau reports and other commercial databases to identify people who might pose a terrorist threat. It prohibits TSA from deploying "CAPPS II", except on a test basis, until the General Accounting Office (GAO) reports to Congress that the passenger profiling system meets certain privacy and due process requirements.

The bill requires a GAO study on airport perimeter security and a report by the department on remote baggage screening pilot programs at five airports. It also directs TSA to work with the Federal Aviation Administration to determine whether requiring flight incident reporters on commercial aircraft would improve security analysis.

The measure directs the Homeland Security Department, in conjunction with TSA and the Secret Service, to develop and implement a security plan that would restore general aviation and charter access to the Ronald Reagan Washington National Airport by Nov. 30.

Maritime & Land Security

The bill provides a total of \$132 million for TSA maritime and land security activities, of which \$65 million is directly appropriated and another \$67 million is available from offsetting collections from credentialing activities. The president had requested total funding of \$96 million, including the \$67 million in fees and a \$26 million direct appropriation. The direct appropriation is \$196 million less than current funding.

The measure provides \$65 million, \$10 million (15%) more than requested and \$15 million more than current funding, for continued development of a national transportation worker identification card. The committee intends for \$50 million of this funding to be offset by fees paid by applicants for the card.

The measure provides \$10 million for intercity bus security — for which the administration had requested no money. It also provides \$11 million for rail security activities of TSA; an additional \$100 million is available through a separate grant program. The total amount includes \$17 million for hazardous materials security. No money is provided for nuclear detection activities, which received \$4 million in FY 2004.

Aviation Security Capital Fund

The Vision 100 — Century of Aviation Reauthorization Act (PL 108-176), requires that \$250 million of the airport security fees collected each year be set aside in a special fund for a grant program administered by the Homeland Security Department. In its report, the committee waives language that distributes money in the fund by formula to allow it to be used to fulfill existing letters of intent with eight airports for explosive detection devices. The committee also recommends that \$19 million of appropriated amounts be used to provide a total of \$269 million for these projects.

Other TSA Activities

The bill also provides the following funds:

- \$525 million for TSA administration;
- \$174 million for TSA research and development activities to improve current transportation security technologies. This is \$20 million (13%) more than requested and nearly \$20 million (13%) more than last year. Of this amount, \$75 million is for air cargo activities; and

- \$14 million for TSA to perform transportation security intelligence activities, including acting as primary liaison between the intelligence community and federal, state, and local law enforcement agencies.

Coast Guard

The bill appropriates \$7.3 billion for the Coast Guard — \$29 million less than requested, but \$542 million (8%) more than current funding. This amount includes \$6.2 billion in discretionary amounts and \$1.1 billion for mandatory retirement pay. The bill includes \$1.2 billion in funding that has been transferred from the Defense Department's account.

In addition, the measure rescinds \$33 million of FY 2003 and FY 2004 funding and dedicates it to programs this year providing an greater effective appropriation.

Operating Expenses

The measure provides \$5.2 billion for Coast Guard operating expenses — \$534 million (11%) more than current funding. A total of \$2.8 billion is provided for military pay and expenses, of which \$1.2 billion is in the form of a transfer from the Defense Appropriations bill. The bill does not include funding for the pay for performance demonstration program. The measure supports the addition of 791 full-time personnel to implement maritime security law. An additional \$13 million also has been provided by the bill to hire 120 additional personnel for the Coast Guard to meet its watch standards.

The committee report expresses concern about plans to rely on foreign governments to review vessel security plans, and it directs the Coast Guard to review all vessel security plans for ships entering the United States.

Acquisition, Construction & Improvements

The bill includes a total funding of \$937 million for Coast Guard capital acquisition, construction and improvement programs, including \$904 million in new appropriations and \$33 million in funds rescinded from previous years. The measure dedicates \$33 million in funds the bill rescinds in FY 2003 and FY 2004 appropriations to pay for increased amounts for operating expenses and for the automated identification systems at U.S. ports, and the \$937 million total reflects these redirected funds.

Within the total provided, \$679 million is for next phase of the Coast Guard's deepwater systems program to replace its fleet of vessels and aircraft that operate more than 50 miles from shore. The bill requires the department to submit a new baseline for

the program, identifying revised acquisition timelines and justification of each new asset. It also requires that in each subsequent fiscal year a future-years capital investment plan must be provided with the president's budget.

The committee report recommends that \$24 million be spent on efforts to install automatic identification systems at ports. The Maritime Transportation Security Act required all vessels entering ports to have automatic identification systems providing information on the ship. By the end of FY 2004, only nine ports will be able to receive the signals; these funds would help increase that number.

Other Coast Guard Activities

The measure also appropriates the following:

- \$113 million for Coast Guard reserve training;
- \$17 million, equal to current funding, for continued activities to bring Coast Guard sites and facilities into compliance with federal and state environmental rules; and
- \$16 million, 14% less than FY 2004, for the alteration of four bridges identified in the committee report. The administration requested no money for the program in FY 2005.

Secret Service

The agreement appropriates \$1.2 billion for activities of the Secret Service — \$49 million (4%) more than current funding and \$20 million more than requested.

In addition to protecting the president and vice president, the agency is responsible for protecting the White House and other specific buildings in Washington, D.C., combating the counterfeiting of U.S. currency and investigating certain financial crimes, and directing the security planning of high-profile events designated as national special security events, such as the 2002 Winter Olympics in Utah or the recent funeral of former President Ronald Reagan. The bill includes \$36 million for the Electronic Crimes Task Forces, \$45 million for the Secret Service Training Center, and \$10 million, available for two years, for security during national special security events.

Section III

Preparedness & Recovery

This section summarizes the provisions of HR 4567, Homeland Security Department Appropriations for FY 2005, that deal with programs and activities of the Homeland Security Department's Office for State and Local Government Coordination and Preparedness as well as the the Emergency Preparedness and Response Directorate.

The bill appropriates a total of \$9.5 billion in FY 2005 for these activities — \$3.9 billion (29%) less than current funding but \$295 million more than requested. The \$9.5 billion total includes \$4.1 billion for grants to first responders; \$2 billion for disaster assistance; and \$2.5 billion in advance appropriations for the Project Bioshield initiative.

Compared to current funding levels, two significant grant programs funded under this section have been cut in this bill, including the formula-based grants to states and firefighter assistance grants. A discretionary grant program for urban areas has been increased in the measure.

Office for State & Local Government Coordination & Preparedness

The bill appropriates \$4.1 billion — \$504 million (14%) more than requested but \$52 million (1%) less than current funding — for the Office for State and Local Government Coordination and Preparedness, which consolidates the functions of the Office for Domestic Preparedness (ODP) and the Office of State and Local Coordination to create a "one-stop shop" for state and local responders to communicate with the department and apply for grants. The bill endorses this consolidation, but limits the number of personnel that may be transferred.

ODP administers state and local grant programs and is the primary source of federal funding to first responders — including firefighter grants and state and local program grants. The Office of State and Local Coordination, previously under the secretary, is primarily responsible for information sharing between the federal government and state and local responders. The measure provides \$41 million for salaries and expenses of the office.

The committee directs that the office complete the development of mission essential tasks by July 31, 2004, and provide quarterly reports on the implementation of Homeland Security Presidential Directive-8, which ordered the development of a national domestic all-hazards preparedness goal.

State & Local Grants

The measure provides a total of \$3.4 billion for grants to state and local entities, \$363 million (12%) more than requested and \$156 million (5%) more than current funding. Although there is an increase at the bottom line for state and local grant

programs, some key grant programs have been cut to achieve a balance between state formula grants and funding for high-risk urban areas. In addition to the appropriations bill, separate legislation (HR 3266) working its way through several House committees would change the distribution of grants. In its report, the committee requests a report from the Homeland Security Funding Task Force on removing delays in delivering grants.

The biggest cut in the measure is to formula-based grants to states, which the bill reduces by \$440 million (26%) from the current level. The bill provides \$1.25 billion for the grants, \$550 million (44%) more than requested. These grants were authorized by the USA Patriot Act (PL 107-56). The bill continues a guaranteed minimum level of funding to states, which the president had requested be discontinued. The measure provides \$500 million for law enforcement terrorism prevention and preparedness grants that were also authorized by the USA Patriot Act, \$3 million more than current funding, consistent with the president's request.

The bill appropriates \$1 billion for the Urban Area Security Initiative, which provides discretionary grants to high-threat, high-density urban areas. This amount is \$279 million (38%) more than current funding, but \$446 million (31%) less than requested. The measure does not include a separate item for critical infrastructure, as requested. Of the \$1 billion provided, \$100 million would be set aside for rail and transit security grants.

The bill funds other grant programs as follows:

- \$170 million for emergency management performance grants;
- \$125 million for port security grants, \$79 million more than requested and the same amount as provided in FY 2004;
- \$130 million for first responder training through the National Domestic Preparedness Consortium, \$50 million more than requested. Of this amount, \$50 million is recommended for the Center for Domestic Preparedness;
- \$50 million for competitive training grants, \$47 million more than requested, \$10 million more than current funding;

- \$50 million for the Metropolitan Medical Response System;
- \$52 million for the national exercise program;
- \$50 million for a new technology transfer program;
- \$20 million for the Citizen Corps program, almost half of the funding provided in FY 2004 and 60% less than requested;
- \$7.6 million for technical assistance, \$22 million less than current funding; and
- \$5 million for development of a rural domestic preparedness consortium.

The bill generally requires that 80% of grants provided to states be passed on to local governments. The measure allows law enforcement terrorism grants and the urban area grants to be used for operational costs, including overtime pay. With the exception of port security grants, funds offered through these programs could not be used for construction or renovation of facilities.

Firefighter Grants

The bill appropriates \$600 million for the firefighter assistance grant program, which provides funding directly to local fire departments for equipment, training, and safety programs. The amount is \$100 million (20%) more than requested but \$146 million (19.5%) less than current funding. The committee urges the program to be continued in the manner it was run under the Federal Emergency Management Agency (FEMA), rejecting a proposal to shift the program's emphasis toward anti-terrorism activities. No more than 5% of the funding could be used for administrative costs.

Emergency Preparedness & Response

The measure provides funding for numerous activities under the Homeland Security Department's Emergency Preparedness and Response Directorate. The "directorate," which was built upon the former FEMA, operates programs designed to help local communities prepare for, mitigate against, respond to, and recover from the consequences of both natural and man-made disasters, such as acts of terrorism. It is responsible for providing the federal response to terrorist attacks, including directing and managing federal emergency response teams, overseeing medical support and providing emergency medical supplies, providing other federal assistance.

The bill provides a total of \$5.4 billion for the directorate. Of this amount, \$2.5 billion is in the form of an advance appropriation for the Project Bioshield program and \$2 billion is provided for disaster relief activities.

Preparedness, Mitigation, Response & Recovery

The measure appropriates \$210.5 million — \$13 million less than current funding — for activities by the directorate to coordinate federal agencies and state and local governments in developing and maintaining an integrated capacity to prepare for, mitigate against, respond to, and recover from natural disasters and terrorist attacks. The measure requires that \$7 million of this funding be used for Urban Search and Rescue Teams, \$53 million less than current funding, and the same as requested. It also directs the directorate to conduct a study on expanding the existing program to include additional urban search and rescue teams. The committee report urges the directorate to eliminate forest fire conditions around California's San Bernardino National Forest.

Administrative & Regional Operations

The bill provides \$204 million for administrative and regional operations of the directorate, \$38 million (23%) more than current funding and \$7 million more than requested.

Public Health Program

The measure provides, as requested, \$34 million for the Public Health Program, which received \$447 million in FY 2004. The amount is dramatically less than the current level because the Strategic National Stockpile of drugs, vaccines, and other medical supplies was transferred to the Health and Human Services Department, and the Metropolitan Medical Response System was transferred elsewhere in the Homeland Security Department.

Disaster Relief

The bill appropriates \$2 billion for disaster assistance programs and coordinating the federal response to presidentially-declared disasters. This amount is \$108 million (5%) less than requested and the same as current funding.

The measure limits the total amount of loans under the Disaster Assistance Direct Loan Program to \$25 million.

Flood Map Modernization

The bill provides \$150 million for a program to modernize and digitize the directorate's inventory of more than 100,000 flood maps. The amount is \$50 million

(25%) less than requested and \$49 million (25%) less than current funding. The amount for the program was reduced to reflect unused appropriations from prior years.

Flood Insurance Program

The measure provides for the use of \$33 million from the National Flood Insurance Fund for administering the federal Flood Insurance Program, as well as \$79 million for flood mitigation activities. This \$113 million in funding is offset by the collection of premiums for the insurance.

Flood Mitigation Fund & Pre-Disaster Hazard Mitigation Fund

The president requested combining appropriations for the National Flood Mitigation Fund and the National Pre-Disaster Mitigation Fund, but the committee rejected this and provided two separate appropriations.

The bill transfers money from the National Flood Insurance Program, providing an appropriation of \$20 million for the Flood Mitigation Fund, which assists states and communities in taking measures to reduce or eliminate flood risks. It provides \$100 million for the Pre-Disaster Mitigation Grants to state and local governments to implement hazard mitigation activities; the measure provides \$49 million (33%) less than the current level to reflect unobligated balances.

Emergency Food & Shelter Program

The bill provides \$153 million for grants to local governments to provide shelter and food for needy and homeless families. The amount provided is \$1 million more than current funding but equal to the level requested. The administration proposed moving this program to the Housing and Urban Development Department, but these funds have been provided to the Homeland Security Department pending legislation transferring the program.

Radiological Emergency Preparedness Program

The measure provides for the receipt and expenditures of fees for the Radiological Emergency Preparedness Program, which protects the public health and safety of people living near commercial nuclear power plants and informs the public about radiological emergency preparedness.

Project Bioshield

The measure provides an advance appropriation, through FY 2008, of \$2.5 billion for the president's Project Bioshield proposal — which is intended to provide financial incentives and expedited approval procedures for drug companies to produce vaccines or

treatments for chemical and biological weapons such as anthrax, smallpox, botulin toxin, and other pathogens, and to purchase those vaccines and treatments for the national stockpile. The authorizing legislation (S 15, HR 2122) for the program was still pending as of press time.

This amount could be obligated through FY 2008 and is in addition to the \$890 million advance appropriation in the FY 2004 appropriations bill.

Counterterrorism Fund

The bill provides \$10 million for the department's counterterrorism fund, which provides funding for unbudgeted and unanticipated costs that arise to counter or investigate threats or acts of terrorism. The amount provided is half of the amount requested and nearly identical to current funding. The House and Senate Appropriations committees must be notified 15 days prior to the obligation of funding. In its report, the committee expressed disappointment that \$8.5 million of prior appropriations remains in the account despite existing needs.

Section IV

Contract Restrictions & Other Provisions

This section summarizes department-wide provisions of HR 4567, Homeland Security Appropriations for FY 2005, including a provision concerning contracts with companies that incorporate offshore, as well as programs and activities of the Homeland Security Department's intelligence and science and technology "directorates," and the immigration and citizenship services performed by the department.

The measure provides \$855 million for the department's Information Analysis and Infrastructure Directorate, \$10 million less than requested; \$1.1 billion for the department's Science and Technology Directorate, 9% more than requested; and \$1.7 billion for citizenship and immigration services formerly conducted by the Immigration and Naturalization Service (INS), about 4% less than current funding.

Contract Restrictions

The bill includes a provision that effectively strips the company Accenture of a \$10 billion contract to build the foreign visitor tracking system known as US VISIT. Accenture is based in Bermuda and does not pay U.S. taxes, although it employs most of its workers through U.S.-based Accenture LLP.

The provision expands a prohibition in current law — part of the Homeland Security Act (PL 107-296), which established the department — on contracting with foreign incorporated entities. This bill's provision prevents contracts with the subsidiary of a foreign incorporated entity, and not just the entity itself, as in current law. It expands the definition of a foreign incorporated entity to include companies that were acquired before, on, or after Nov. 25, 2002, whereas current law includes only acquisitions after Nov. 25, 2002. The provision also amends existing language that permits waivers of the prohibition if it is in the interest of homeland security; under this bill, waivers could only be granted if it is in the interest of national security.

The measure specifies that no orders could be issued under a contract if the contractor is ineligible because of these provisions; this prohibition would apply to contracts entered into prior to enactment of this bill, such as the contract with Accenture.

Information Analysis & Infrastructure Protection

The bill appropriates \$855 million for the department's Information Analysis and Infrastructure Directorate, which is responsible for analyzing information on terrorist threats to the United States, identifying U.S. vulnerabilities to terrorism — including the vulnerability of critical U.S. infrastructure — assessing the threats to such infrastructure, taking appropriate protective actions, and issuing public advisories and alerts.

The funding level in the measure is \$10 million (1%) less than requested but \$20 million (2%) more than current funding. Of the total provided, \$132 million is for management and administration of the directorate; \$23 million of this amount is set aside for protective security field operations.

Assessments & Evaluations

The bill provides \$723 million for activities to identify vulnerable infrastructure, assess terrorist threats and warn the public. This is \$20 million more than requested by the president and \$12 million more than current funding. The committee, dissatisfied with the directorate's budget request, has restructured the account.

The committee report directs the directorate to complete, by Sept. 30, 2005, assessments for the 1,700 critical infrastructure and key assets that it has identified and to provide a report to the committee on this milestone by Oct. 1, 2005.

Funding for these activities includes the following:

- **Protective Actions** — \$192 million for a program to work with federal, state, local, and private organizations to implement protection strategies, and to provide training to state homeland security advisors. The committee does not support the \$20 million request for four to eight Protective Security Centers and redirects the money elsewhere.
- **Outreach & Partnerships** — \$72 million for outreach and partnerships with state and local governments, the private sector, the international community, and academia.
- **Critical Infrastructure Identification & Evaluation** — \$78 million, as requested, for the Critical Infrastructure Identification and Evaluation program, which includes the development of a master database of all existing critical infrastructure in the country.
- **Cybersecurity** — \$67 million for the directorate's program for advanced computer security preparedness.

- **Biosurveillance** — \$11 million for this new initiative, an interagency program to improve the federal government's ability to identify and characterize a bioterrorist attack.
- **Homeland Security Operations Center** — \$35 million, equal to the request, for the Homeland Security Operations Center. The committee directs the directorate to provide a five year plan for the center for the period of FY 2005 to FY 2009 by March 31, 2005.
- **Competitive Analysis & Evaluation** — \$4 million for the program, \$15 million (79%) less than the requested amount.
- **Threat Determination & Assessment** — \$22 million to detect and identify threats of terrorism, including their nature and scope and their applicability to known vulnerabilities in the United States; this amount is \$6 million (29%) less than current funding, consistent with the president's request.
- **Infrastructure Vulnerability & Risk Assessment** — \$71 million to perform comprehensive assessments of the vulnerabilities of critical U.S. infrastructure.
- **Evaluations & Studies** — \$14 million for analysis on the nature and scope of threat information and identifying targets within the United States.
- **National Security & Emergency Telecommunications** — \$141 million for National Security and Emergency Preparedness Telecommunications.

Science & Technology

The bill appropriates \$1.1 billion for the department's Science and Technology Directorate, which is responsible for promoting the development and deployment of

cutting-edge technologies and new capabilities to improve homeland security — including the development of countermeasures to terrorist threats involving weapons of mass destruction, such as chemical, biological, radiological and nuclear attacks.

Included within the directorate are the Plum Island Animal Disease Center, the National Bioweapons Defense Analysis Center, and several research and development capabilities transferred from the Energy Department. The bill also funds the Homeland Security Advanced Research Projects Agency and a Homeland Security Institute, both of which were created by the law that established the department.

The measure's funding for the directorate is \$220 million (24%) more than current funding and \$93 million (9%) more than requested. Of the total provided, \$69 million is for management and administration of the directorate. The salaries and expenses of many of the countermeasures programs have largely been shifted to the management account.

The committee report urges improved internal communications and the development of a policy for the use of national laboratories.

Countermeasures Activities

The bill provides \$1.1 billion for various activities to counter potential biological, chemical, nuclear and computer attacks — \$195 million (22%) more than current funding and \$77 million (8%) more than requested.

Within the account, funds are provided for the following major activities:

- **Biological Countermeasures** — \$362 million for activities to reduce the probability and potential consequences of a biological attack on the U.S. civilian population, critical infrastructure, or agricultural assets. Among other activities, this program funds an initiative to expand the "Biowatch" program, under which devices to detect aerosolized biothreats are being deployed in large metropolitan areas. It also provides \$13 million for the Plum Island Animal Disease Center.
- **National Biodefense Analysis & Countermeasures Center** — \$35 million for the center, located at Fort Detrick, Md.
- **Nuclear & Radiological Countermeasures** — \$123 million to develop and deploy detection and

interdiction technologies that will prevent the importation or transport into the United States of nuclear or radiological devices (i.e., "dirty bombs" that use conventional explosives to disperse radioactive material). The bill requires a report on these activities by Feb. 1, 2005.

- **Chemical & High Explosives** — \$53 million for the chemical countermeasures program and \$10 for the high explosives countermeasures program, which focus on reducing the nation's vulnerability to attacks on the civilian population or infrastructure with chemical warfare agents, toxic industrial chemicals, or high explosives.
- **Critical Infrastructure Protection** — \$27 million for protecting critical infrastructure.
- **Threat & Vulnerability Testing** — \$69 million for the Threat and Vulnerability Testing and Assessment program, under which advanced modeling and analyses techniques will be developed to help the department evaluate the extensive amount of threat and vulnerability data provided to the department from multiple sources.
- **Interoperability** — \$21 million for programs to help facilitate communication for first responders, including the interoperability of communications equipment.
- **Rapid Prototyping Program** — \$76 million to assess the capabilities of private sector industry for rapid development and prototyping of technologies in support of the department.
- **Counter Portable Anti-Aircraft Missiles** — \$61 million for a program to identify, develop and test technology to counter man-portable air defense systems (MANPADS) such as the stinger shoulder-fired missile, which can be used to down civilian aircraft.

- **Cybersecurity** — \$18 million for cybersecurity activities.

Funding within this account also includes \$44 million to support other "conventional missions" of the Homeland Security Department. This includes a \$10 million increase over requested amounts for acceleration of the directorate's container security work. The bill provides \$70 million for university and fellowship programs, including \$30 million for centers of excellence.

Citizenship & Immigration Services

The measure appropriates \$160 million for the department's Bureau of Citizenship and Immigration Services (BCIS) — which, when combined with \$1.6 billion expected to be provided to the bureau through various immigration user fees, would provide a total of \$1.7 billion for the bureau to carry out citizen and immigration services previously conducted by the INS. The total provided for BCIS is \$68 million (4%) less than current funding but \$20 million more than requested.

Among other things, the BCIS is responsible for setting policy and rules regarding the issuance of visas for foreigners who wish to visit or work in the United States or join family here, granting asylum or refugee status to aliens, working with employers on employment authorizations for foreign workers, and administering the naturalization and citizenship process of aliens lawfully admitted to the United States.

The measure allocates \$160 million for efforts to reduce the backlog of immigration benefits requests and to achieve a six-month standard processing time; \$140 million of this amount would come from direct appropriations while \$20 million would come from fees. BCIS would be required to submit quarterly reports to the Appropriations Committee. In addition, the bill provides \$20 million for the digitization of immigration records.

The committee directs that no less than \$43 million of the collected fees be used for the bureau's telephone customer service center operations.

Federal Law Enforcement Training Center

The measure appropriates \$221 million for operations of the Federal Law Enforcement Training Center and its satellite facilities, 13% more than requested and 16% more than current funding. Within the total, \$183 million is for salaries and expenses and \$38 million is for acquisition, construction, and improvements.

The measure continues a requirement for the center to establish an accrediting body for assessing federal law enforcement training programs, facilities and instructors as well as a requirement that all training centers are operated at full capacity each year.

Departmental Management

The bill appropriates \$634 million for management, administration and certain other department-wide activities of the Homeland Security Department.

Within this total, \$341 million is for department-wide management and administration of the Homeland Security Department — \$130 million (62%) more than current funding, but \$64 million (16%) less than requested. This amount includes \$65 million for construction at the department's Nebraska Avenue headquarters in Washington, D.C., \$45 million more than current funding. The measure requires the department to submit an improvement and housing plan to the committee by Oct. 15, 2004.

This total also includes \$211 million for department-wide technology upgrades, including information technology services, wireless communications upgrades and security improvements. The amount provided for these activities is 10% less than requested. The bill prohibits the use of these funds on either the US VISIT or Automated Commercial Environment programs.

Office of Legislative Affairs

The measure provides no funding for the Office of Legislative Affairs. In its report, the committee says that the office has been unresponsive and unavailable to members and their staff. The administration requested \$6.6 million for the office.

Background Checks

The bill authorizes the department to conduct background investigations, subject to the terms of a memorandum of understanding with the Office of Personnel Management. It also requires the department to submit a budget request with the same level of detail used by the committee.

Payments to Whistleblowers

The measure allows the inspector general to pay up to \$100,000 to whistleblowers for information about waste, fraud or abuse.

Buy America Provisions

The bill requires the department to notify Congress of any plans to make exceptions to Buy America provisions and to wait 15 days prior to using funds to implement any such plan. The Homeland Security Department's inspector general would be required to conduct annual audits on any contracts that do not adhere to the Buy America Act.

Congressional Intent & Mission Priority

The committee report bars the department and its agencies from adopting any policy, procedure or regulation that would be contradict or frustrate congressional intent. It also directs that the policy and procedures of the U.S. Citizenship and Immigration Services, the Bureau of Immigration and Customs Enforcement and all other elements, must be consistent with the homeland security missions in the Homeland Security Act and should not give undue weight or emphasis to legacy tasks.

Hazardous Material Transportation

The committee report directs the Homeland Security Department to work with the Transportation Department to establish a transportation security directive clarifying the respective roles of the departments in implementing security precautions for the transportation of hazardous material.

Section V

Table

This section contains a table for HR 4567, Homeland Security Appropriations for FY 2005, which shows the measure's FY 2005 appropriations, the FY 2004 appropriation levels, and the difference between the bill's appropriations and the administration's request.

According to the Appropriations Committee, the bill's discretionary budget authority and outlays as reported are either equal to or less than the target "302(b)" allocations set by the committee for those budget categories pursuant to the Budget Resolution for FY 2005 (S Con Res 95).

Homeland Security Appropriations for FY 2005 (\$ in millions)

	FY 2004 Approp.	FY 2005 Cmte. Recom.	Cmte. Recom. Over (+)/Under (-) FY 2004 Adm. Request
TOTAL (scorekeeping adjusted)	\$35,048.4	\$33,085.4 *	+895.4
Additional Amounts Provided by User Fees	—	(5,264.6)	—
Advance Appropriations (non-FY 2004)	4,703.0	2,528.0	—
SECURITY, ENFORCEMENT & INVESTIGATIONS	\$19,048.0	\$20,582.0	+\$294.4
Under Secretary for Border & Transportation Security	8.1	10.4	—
U.S. Visitor & Immigrant Status Indicator Technology (US VISIT)	328.1	340.0	—
Bureau of Customs & Border Protection	6,025.0	6,254.2	+58.0
Salaries & Expenses	4,370.4	4,608.9	+31.5
Automation Modernization	438.5	449.9	—
Construction — Border Patrol	89.8	91.7	—
Additional Amounts Provided by User Fees	(1,126.2)	(1,100.6)	—

	FY 2004 Approp.	FY 2005 Cmte. Recom.	Cmte. Recom. Over (+)/Under (-) FY 2004 Adm. Request
Bureau of Immigration & Customs Enforcement	3,679.6	3,588.6	+56.1
Salaries & Expenses	2,138.4	2,377.0	+6.1
Federal Air Marshals	622.7	662.9	+50.0
Air & Marine Interdiction	209.0	257.5	—
Federal Protective Service	424.2	(478.0 **)	—
Automation Modernization	39.8	39.6	—
Construction	26.6	26.2	—
Additional Amounts Provided by User Fees	(273.0)	(225.4)	—
Transportation Security Administration (TSA)	2,508.0	3,225.4	+473.4
Aviation Security Capital Fund	—	250.0 ***	—
Additional Funding from Aviation Security Fee Receipts	(2,070.0)	(1,823.0)	-400.0
Aviation Security	1,654.1	2,447.6	+432.4
Maritime & Land Security	261.4	65.0	+36.0
Intelligence Activities	13.5	14.0	—
Research & Development	154.3	174.0	+20.0
TSA Administration	424.7	524.9	-15.0
Funding From Credentialing Fees	—	(67.0)	—
U.S. Coast Guard	6,764.3	7,306.6	-28.6
Operating Expenses (total)	4,637.4	5,171.2	-2.0
Defense Function	338.0	1,204.0	+864.0
Acquisition, Construction & Improvements	961.5	903.6	-39.0
Original Appropriations	961.5	936.6	—
Recissions	—	-33.0	—

	FY 2004 Approp.	FY 2005 Cmte. Recom.	Cmte. Recom. Over (+)/Under (-) FY 2004 Adm. Request
Environmental Compliance & Restoration	16.9	17.0	—
Reserve Training	94.4	113.0	-4.0
Alteration of Bridges	19.1	16.4	+16.4
Research & Development	14.9	—	—
Retired Pay (mandatory)	1,020.0	1,085.5	—
U.S. Secret Service	1,134.1	1,182.8	+20.0
Salaries & Expenses	1,130.6	1,179.1	+20.0
Acquisition, Construction & Improvements	3.6	3.6	—
PREPAREDNESS & RECOVERY	\$13,374.4	\$9,500.9	+\$294.5
Counterterrorism Fund	9.9	10.0	-10.0
Office for State & Local Government Coordination & Preparedness	4,013.2	4,065.3	+504.1
State & Local Program	3,267.6	3,423.9	+362.6
Firefighter Assistance Grants	745.6	600.0	+100.0
Salaries & Expenses	—	41.4	+41.4
Emergency Preparedness & Response	9,351.2	5,425.6	-199.6
Under Secretary for Emergency Preparedness & Response	3.4	4.2	—
Preparedness, Mitigation, Response & Recovery	223.7	210.5	+2.0
Administrative & Regional Operations	166.0	203.9	+7.0
Public Health Programs	481.1	34.0	—
Biodefense Countermeasures	5,587.7	2,528.0	—
Advance Appropriations	4,703.0	2,528.0	—

	FY 2004 Approp.	FY 2005 Cmte. Recom.	Cmte. Recom. Over (+)/Under (-) FY 2004 Adm. Request
Disaster Relief	2,042.4	2,042.4	-108.6
National Pre-Disaster Mitigation Fund	149.1	100.0	+100.0
Flood Map Modernization Fund	198.8	150.0	-50.0
National Flood Insurance Fund	110.5	—	—
Salaries & Expenses	32.7	33.3	—
Flood Mitigation	77.8	79.3	—
Emergency Food & Shelter Program	152.1	153.0	—
RESEARCH, DEVELOPMENT, TRAINING, ASSESSMENTS & SERVICES	\$2,173.5	\$2,368.2	+\$128.0
Citizenship & Immigration Services	1,798.7	1,731.0	+20.0
Operating Expenses — Direct Appropriation	234.7	160.0	+20.0
Additional Amount Provided by User Fees	(1,564.0)	(1,571.0)	—
Federal Law Enforcement Training Center	191.6	221.4	+25.0
Salaries & Expenses	154.5	183.4	+25.0
Acquisition, Construction & Improvements	37.1	37.9	—
Information Analysis & Infrastructure Protection	834.3	854.6	-10.0
Management & Administration	124.3	132.1	-30.0
Assessments & Evaluation	710.1	722.5	+20.0
Science & Technology	912.8	1,132.3	+93.0
Management & Administration	43.9	68.6	+16.0
Research, Development, Acquisitions & Operations	868.8	1,063.7	+77.0

	FY 2004 Approp.	FY 2005 Cmte. Recom.	Cmte. Recom. Over (+)/Under (-) FY 2004 Adm. Request
DEPARTMENTAL MANAGEMENT & OPERATION	\$452.6	\$634.2	-\$79.4
Departmental Operations	210.5	340.9	-64.4
Department-Wide Technology Investments	204.8	211.0	-15.0
Office of Inspector General	80.3	82.3	—

* This total does not include \$5.3 billion in revenue from various fees that are appropriated by the bill.

** Funding for the Federal Protective Service is completely offset by the collection of fees.

*** Under the Vision 100 -- Century of Aviation Reauthorization Act (PL 108-176), \$250 million of the aviation security fees collected each year must be placed in the Aviation Security Capital Fund for a grant program administered by the department. This amount is not directly appropriated.