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SPECIAL REPORT: Homeland Security Appropriations for FY 2005 (House & Senate) and California Implications - September 16, 2004

On June 18, 2004, the House of Representatives completed action on a \$33 billion Homeland Security Appropriations spending plan for Fiscal Year 2005, HR 4567. The Senate completed action on its version of the bill (S. 2537) on September 14, 2004. The House Committee Report is numbered H.Rept. 108-671, and the Senate report is S.Rept. 108-280.

The following is a quick analysis of the two bills from a California perspective as prepared by the California Institute. We apologize for any errors or omissions in our discussion of these documents, and would appreciate any input/feedback on how to make improving corrections. The ordering of items generally reflects their presence in the bill and does not mean to imply any relative importance.

This analysis is available on the web at <http://www.calinst.org/pubs/hsc05hs.htm> and in printable "pdf" format at <http://www.calinst.org/pubs/hsc05hs.pdf>

DEPARTMENT OF HOMELAND SECURITY

On September 8 and 9, 2004, the Senate considered but did not complete action on H.R. 4567, the \$33 billion Homeland Security Appropriations Act for FY 2005. The Senate will continue deliberations (with no votes) on Friday and is expected to complete action early next week on the bill, which funds programs operated by the Department of Homeland Security (DHS) and other agencies. The House completed action on its version of the bill on June 18.

As did the House appropriations bill and the President's budget, the Senate bill proposes to significantly alter the mixture of funding between formula grants and discretionary grants. And the changes proposed may increase California's share of the nation's homeland security grant spending.

Within funding for the DHS Office of Domestic Preparedness (DHS), the bill provides \$1.37 billion for the State and local basic formula grants (of which \$400 million would be earmarked for law enforcement grants and \$30 million for citizen corps grants). All of these funds are distributed under a much-embattled USA Patriot Act formula that vastly favors less populous states over more populous states (providing California \$5 per capita in 2004, compared to \$38 per capita for Wyoming). Combining the Senate's \$1.37 billion for first responder grants with a \$180 million appropriation for the emergency management performance grant (EMPG) program yields a total of \$1.55 billion that would be allocated according to the formula. This proposed 2005 formula grant amount would be roughly \$700 million less than the corresponding figure from 2004. The House-passed version of the bill would provide a total of \$1.92 billion in formula funds, including \$1.25 billion for basic formula grants, \$500 million for law enforcement grants, and \$170 million for Emergency Management Performance Grants. In 2004, these programs received \$2.2 billion in total funding.

In addition, the Senate bill proposes to sharply increase funding -- from \$725 million in 2004 to \$1.2 billion in 2005 -- for the urban area security initiative that is distributed at the discretion of the Administration. Of the \$1.2 billion, the Senate bill directs that \$150 million be used for port security grants, \$150 million for rail and transit security grants, \$10 million for intercity bus grants, and \$15 million for trucking industry grants. With the House's version providing \$1 billion for urban area grants (including \$100 million for rail security and \$125 million for port security grants), it appears that the mixture of formula grants and urban grants in the 2005 bill that emerges from conference is likely to tilt considerably toward urban grants.

More urban grants versus formula grants is likely to mean a larger percentage of total dollars to California. The state received 20 percent of urban area grant funds last year, compared to just 8 percent of formula grants.

The Senate bill also provides \$700 million for firefighter assistance grants, a program geared toward rural and volunteer fire departments -- California received 4 percent of fire grants in 2003. The House bill proposed \$600 million, and 2004 spending was \$750 million.

The Senate's proposal would shift responsibility for port security to ODP. In 2004, TSA provided \$125 million for port security grants, funding that would not be separately appropriated for 2005.

The Senate legislation provides \$6.1 billion for customs and border security. The Senate also proposes \$340 million for the United States Visitor and Immigrant Status Indicator Technology (US VISIT) program. It includes \$38 million for expansion of the Customs-Trade Partnership Against Terrorism (CTPAT), \$126 million for the Container Security Initiative (CSI), and \$17 million for International Trade Data Systems. For the Bureau of Immigration and Customs Enforcement (ICE), the Senate bill proposes \$3.4 billion in appropriations.

The Senate proposes \$5.2 billion for the Transportation Security Administration (TSA), including \$2.1 billion for airport passenger screening, \$1.4 billion for baggage screening, and \$872 million for airport security direction and enforcement. Included is \$35 million for the second-generation Computer Assisted Passenger Pre-screening System (CAPPS II).

For Emergency Preparedness and Response, which incorporates Federal Emergency Management Agency (FEMA), the Senate bill proposes total spending of \$5.6 billion, including \$2.5 billion for biodefense counter-measures under the as Project Bioshield program previously approved under an earlier year's appropriations bill, as well as \$2.1 billion for disaster relief. The bill shifts authority for the EMPG program to ODP.

In addition, the bill provides \$140 million to the Bureau of Citizenship and Immigration Services (formerly INS) in an effort to reduce the immigration processing backlog to 6 months.

In floor action on Thursday, September 9, the Senate considered and rejected several amendments offered by Democrats. By a vote of 43-51, the Senate turned down an amendment by Sen. Robert Byrd (WV) to add \$2 billion in additional funding to the bill for emergency workers. Subsequently, the Senate also rejected, 41-53, an amendment by Sen. Christopher Dodd (CT) to sharply raise funding levels for first responders. The chamber then turned down, by a vote of 45-49, an amendment sponsored by Sen. Patty Murray (WA) to triple port security funding to \$450 million. Finally, the Senate voted 46-45 to table an amendment by Senator Barbara Boxer to provide \$70 million in additional funds for interoperable communications systems. By a vote of 50-46 on Wednesday night, the Senate had rejected an attempt by Charles Schumer (NY), to add \$150 million in port security funding. (The amendments did not achieve the required 60 votes that would have been required to waive the Budget Act and increase spending.)

For more information on homeland security grant programs, see "Federal Formula Grants and California: Homeland Security" -- one of a series of joint publications by the Public Policy Institute of California (PPIC) and the California Institute for Federal Policy Research reviewing formula programs and the state's share of federal funds, available at: <http://www.ppic.org/main/publication.asp?i=481> .