COMBATING TERRORISM

Observations on Federal Spending to Combat Terrorism

Statement of Henry L. Hinton, Jr., Assistant Comptroller General, National Security and International Affairs Division
Mr. Chairman and Members of the Subcommittee:

We are pleased to be here to discuss our past and ongoing work and observations on federal funding of efforts to combat terrorism. As you know, over the past 3 years we have studied and reported on a number of issues concerning federal agencies' programs and activities to combat terrorism for this Subcommittee and Representative Ike Skelton. (See app. I for a list of related GAO products.) In December 1997, we reported that key federal agencies with responsibilities to combat terrorism spent about $6.7 billion in fiscal year 1997 for unclassified activities and programs to combat terrorism and noted that precise funding information was unavailable for various reasons. ¹ That report led to legislation requiring the Office of Management and Budget (OMB) to establish a system for collecting and reporting information on executive agencies' spending and budgets for combating terrorism. The legislation also required the President to annually report this information to the Congress. ² OMB's most recent report identified $10 billion for programs to combat terrorism in the fiscal year 2000 budget. ³

My testimony will address three issues. First, I will briefly describe the foreign-origin and domestic terrorism threat as we understand it from intelligence analyses. Second, I will provide some of our overall observations on program growth and other issues raised throughout our work on combating terrorism. Finally, I will discuss some steps the executive branch has taken toward improving crosscutting management and coordination and provide some preliminary observations on the 1998 and 1999 OMB reports to Congress on governmentwide spending and budgeting to combat terrorism.

Summary

The U.S. intelligence community continuously assesses both the foreign-origin and the domestic terrorist threat to the United States and notes that conventional explosives and firearms continue to be the weapons of choice for terrorists. Terrorists are less likely to use chemical


³Of the $10 billion, $8.6 billion is for combating terrorism, including weapons of mass destruction, and $1.4 billion is for critical infrastructure protection.
and biological weapons than conventional explosives, although the possibility that they may use chemical and biological materials may increase over the next decade, according to intelligence agencies.

Since our work began in 1996, the number and cost of the various programs and initiatives to combat terrorism have grown significantly. Key agencies involved in activities to combat terrorism reported to us that they spent $5.7 billion in fiscal year 1996. The President's fiscal year 2000 budget requests $10 billion, a $3-billion increase over the $6.7 billion originally requested for fiscal year 1999. This rapid program growth has occurred in the absence of (1) a governmentwide strategy that includes a defined end-state; (2) soundly established, defined, and prioritized program requirements; and (3) crosscutting analyses of individual agencies' budget proposals to ensure that unnecessary duplication and waste are avoided and existing federal, state, and local capabilities are fully leveraged.

The executive branch has taken some important steps and made progress toward improving the way it manages and coordinates the growing, complex array of agencies, offices, programs, activities, and capabilities. For example, in responding to the legislative requirement, OMB has performed two governmentwide reviews—one in 1998 and one in 1999—of funding levels and programs to combat terrorism. In addition, in December 1998, the Attorney General issued a classified 5-year interagency plan on counterterrorism and technology crime that includes goals, objectives, and performance indicators and recommendations to resolve interagency problems and issues it identified. The plan, however, does not link its recommended actions and priorities to budget resources. The Attorney General is also establishing a National Domestic Preparedness Office at the Federal Bureau of Investigation (FBI)4 to reduce state and local confusion over the many federal training and equipment programs to prepare for terrorist incidents involving weapons of mass destruction. Also in May 1998, Presidential Decision Directive 62 further articulated U.S. policy and established a National Coordinator for Security, Infrastructure Protection and Counter-Terrorism within the National Security Council.

Notwithstanding these positive steps, we continue to see opportunities to better focus and target the nation's investments in combating terrorism and

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4 Under Presidential Decision Directive 39, the FBI is the lead federal agency for crisis response in the event of a terrorist incident in the United States. The Federal Emergency Management Agency (FEMA) is the lead federal agency for consequence management.
better assure that the United States is prioritizing its funding of the right programs in the right amounts. OMB's 1998 and 1999 reports provide unprecedented and helpful insight into enacted funding and budget requests that are for the most part not readily identifiable in the federal budget and appropriations acts. The reports, however, do not clearly or explicitly describe any established priorities or duplication of efforts as called for in the legislation. We have not fully evaluated the executive branch agencies' processes or methodologies associated with the OMB reports and cannot comment on whether they fully and accurately capture the costs associated with programs and activities to combat terrorism.

The Foreign and Domestic Terrorism Threat in the United States

The bombings of the World Trade Center in 1993 and the federal building in Oklahoma City, Oklahoma, in 1995, along with the use of a nerve agent in the Tokyo subway in 1995, have elevated concerns about terrorism in the United States—particularly terrorists' use of chemical and biological weapons. The U.S. intelligence community, which includes the Central Intelligence Agency, the National Security Agency, the FBI and others, has continuously assessed the foreign-origin and domestic terrorist threats to the United States. According to intelligence agencies, conventional explosives and firearms continue to be the weapons of choice for terrorists. Terrorists are less likely to use chemical and biological weapons at least partly because they are more difficult to weaponize and the results are unpredictable. However, some groups and individuals of concern are showing interest in chemical and biological weapons. Chemical and biological agents are still less likely to be used than conventional explosives. Figure 1 shows the number of terrorist incidents in the United States during 1992-97, according to the FBI.
Initiatives and Funding to Combat Terrorism Are Increasing Rapidly

Annual and supplemental agency appropriations have continued to fund a growing number of programs, initiatives, and activities to combat terrorism. For example, for fiscal year 1999, the Congress authorized $0.7 billion for combating terrorism, including $2.1 billion in an emergency supplemental following the bombings of two U.S. embassies. Included in the emergency supplemental was $1.4 billion for the State Department to reconstruct its embassies and upgrade embassy security. The President's fiscal year 2000 budget proposes $10 billion for counterterrorism programs, domestic preparedness, and critical infrastructure protection—a $3 billion increase over the requested funding of $6.7 billion for fiscal year 1999. Table 1 shows the President's fiscal year 2000 budget proposal of $8.6 billion for programs to combat terrorism, excluding critical infrastructure programs, by major agency.
Table 1: Fiscal Year 2000 Budget Request for Combating Terrorism

<table>
<thead>
<tr>
<th>Department/agency</th>
<th>Fiscal year 2000 request</th>
</tr>
</thead>
<tbody>
<tr>
<td>National Security Community</td>
<td>$5,052</td>
</tr>
<tr>
<td>Department of Justice</td>
<td>838</td>
</tr>
<tr>
<td>Department of Treasury</td>
<td>838</td>
</tr>
<tr>
<td>Department of Energy</td>
<td>648</td>
</tr>
<tr>
<td>Department of State</td>
<td>524</td>
</tr>
<tr>
<td>Others</td>
<td>712</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$8,613</strong></td>
</tr>
</tbody>
</table>

Note: Totals may not add due to OMB rounding.

Source: OMB.

Certain individual agencies have experienced rapid increases in recent years in funding for programs and activities to combat terrorism. For example, the Department of Health and Human Services has increased its spending from $7 million in fiscal year 1996 to about $160 million budgeted for fiscal year 1999 and has requested $230 million for fiscal year 2000 for its “bioterrorism” initiative. The initiative is intended to improve disease surveillance and communications systems, establish regional laboratories, continue to establish a national pharmaceutical stockpile, conduct research into new vaccines and drugs, and expand the number of local emergency medical teams. Figure 2 shows the increases in Health and Human Services’ funding for efforts to combat terrorism.
The Office of Justice Programs in the Department of Justice has also experienced rapid growth in funds budgeted for its state and local domestic preparedness programs. As shown in figure 3, funds have increased from zero allocated in fiscal year 1997, to $21 million in fiscal year 1998, to $120 million in fiscal year 1999, to a fiscal year 2000 budget request of $162 million to provide training and equipment to local first responders and to fund national training centers.
Figure 3: Office of Justice Programs Funding for Domestic Preparedness, Fiscal Years 1997-2000

Dollars in Millions

Source: Department of Justice.

As discussed in our November 1998 report, and as shown in figure 4, the FBI more than doubled its allocation of resources for combating terrorism, from about $256 million in fiscal year 1995 to about $581 million in fiscal year 1998. As of July 1998, the FBI planned to allocate about $609 million for its counterterrorism mission in fiscal year 1999 (including about $70 million in no-year funds carried forward from prior fiscal years). The estimated fiscal year 2000 FBI allocation for combating terrorism totals $498 million.

Program Growth Areas Should Be Based on Sound Requirements

I would like to highlight the rapid growth in two program areas that is taking place in the absence of sound threat and risk assessment to establish program requirements and prioritize and focus the nation’s investments: domestic preparedness programs for responding to terrorist attacks and public health initiatives. We have previously reported on the benefits of threat and risk assessments, both in the context of domestic preparedness

Roughly half of the FBI’s funding to combat terrorism was for related law enforcement and investigative activities, while the other half involved activities such as preparing for or responding to terrorist acts and protecting the national infrastructure. Our work also showed that about 25 percent of the funds FBI allocated to counterterrorism was based on statutory direction or congressional guidance.

Figure 4: FBI Funding Allocations for Counterterrorism Mission, Fiscal Years 1995-99

Source: GAO.
programs and generally. Threat and risk assessments are widely recognized as sound decision support tools to help define and prioritize requirements and properly focus programs and investments in combating terrorism. Soundly established requirements could help ensure that the specific programs, initiatives, and activities—and related expenditures—are justified and targeted, given the threat and risk of validated terrorist attack scenarios as assessed by a multidisciplinary team of experts.

Domestic Preparedness

In the absence of sound, well-defined requirements, domestic preparedness funding increased from $42.6 million, provided mainly to the Department of Defense under the Nunn-Lugar-Domenici legislation in fiscal year 1997, to about $1.3 billion requested for a number of agencies' preparedness activities in fiscal year 2000. For example, the fiscal year 2000 budget proposes an additional $611 million for training, equipping, and exercising cities' first responders in preparation for a potential terrorist attack and for strengthening public health infrastructure. There are many similar programs and initiatives across several agencies to train and equip local emergency response personnel, such as those in fire, police, and emergency medical services, to deal with the consequences of a terrorist attack. We previously recommended that threat and risk assessments be performed to establish training and equipment requirements for the Domestic Preparedness Program.

As I mentioned earlier, the Department of Justice has sponsored training programs and implemented an equipment grant program for state and local responders. It also is establishing a Center for Domestic Preparedness at Fort McClellan, Alabama. Other Justice-funded centers and training venues related to combating terrorism are at universities, such as Texas A&M and Louisiana State University, and the Department of Energy's Nevada Test Site. FEMA and its National Fire Academy have long-standing resident and nonresident training programs in emergency management and

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7While other agencies' domestic preparedness programs may have also received funding in fiscal year 1997, the Nunn-Lugar-Domenici Domestic Preparedness Program was most visible at the time.


hazardous materials. FEMA has requested about $31 million for fiscal year 2000—a $13-million increase over fiscal year 1999 funding. Twenty-nine million of the $31 million is to train and equip state and local responders. The Department of Health and Human Services (HHS) has been establishing Metropolitan Medical Response Systems with trained and equipped local emergency teams in 27 cities that also participate in the Nunn-Lugar-Domenici domestic preparedness training and equipment program. HHS has requested fiscal year 2000 funding to include 25 more cities in its program.

In addition, HHS is contracting with the Department of Veteran's Affairs (VA) to train non-federal National Disaster Medical System hospital staffs to deal with weapons of mass destruction situations. VA urged that decontamination and personal protection equipment be provided to the hospitals. VA pointed out that VA hospitals are not receiving training that is similar to the HHS-offered training and are not budgeted for chemical-biological equipment either, even though VA medical centers could have a role in responding to a terrorist incident.

We also noted growth and potential overlap in federal agencies' response capabilities to support state or local incident commanders. National Guard Rapid Assessment and Initial Detection (RAID) teams 10 are being created despite numerous local, state, and federal organizations that can perform similar functions. For example, there are over 600 existing local and state hazardous materials response teams that can respond to terrorist events, including those involving highly toxic industrial chemicals. There are also the Army's Technical Escort Units, the Marine Corps' Chemical-Biological Incident Response Force, 11 military reserve components' chemical and medical capabilities, Environmental Protection Agency and Coast Guard response teams, and other federal response assets organized under the Federal Response Plan. Included in the fiscal year 1999 appropriations is $52 million to establish, train, and equip the first 10 of potentially 54 RAID teams and to establish RAID (Light) teams in states that do not yet have a full RAID team. A RAID (Light) comprises four regular, drilling Army

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10 The RAID teams’ mission is to provide assistance to local incident commanders in the event of an incident involving chemical, biological, nuclear, or radiological weapons. They are to (1) assess the situation, (2) advise civilian responders as to appropriate actions, and (3) facilitate the identification and movement of federal military assets to the incident scene.

11 These are highly trained and equipped specialized military units that can provide a wide range of support to handle, transport, identify, and provide technical and medical advice and assistance on chemical and biological weapons and agents.
National Guard members with a training and awareness mission and limited response capabilities. The Defense Department's fiscal year 2000 budget requests about $38 million to support the existing teams and to create five new RAID teams. We are reviewing the roles and missions of the RAID teams for this Subcommittee and other requesters and expect to report on those in late May of this year.

In addition to the 27 locally based medical response teams (with more to be established), HHS has established four specialized National Medical Response Teams, three of which are deployable in the event of a terrorist attack involving a chemical or biological weapon. These four special teams are in addition to 24 deployable Disaster Medical Assistance Teams that are to provide medical support for any type of disaster, including terrorism.

Another federal response element that appears to be growing is federal laboratories with capability to analyze chemical and biological agents. The Army, the Navy, and the Centers for Disease Control and Prevention have laboratory capabilities. In addition, HHS plans to establish regional laboratories, and the FBI is establishing a mobile laboratory capability. Both the FBI and the Environmental Protection Agency have forensic laboratories, although there are some differences in capabilities, and the FBI is looking into using existing facilities rather than creating a specialized laboratory for weapons of mass destruction cases.

**Public Health Initiatives**

HHS has received about $160 million in fiscal year 1999 appropriations and requested $230 million in fiscal year 2000 for a number of initiatives related to the possibility of a terrorist event using biological or chemical agents. HHS expects that creating a national stockpile of millions of doses of vaccines for smallpox and anthrax, antidotes for chemical agents, antibiotics for other diseases, and respirators will cost $51 million in fiscal year 1999 and $52 million in fiscal year 2000. Preliminary observations from our ongoing work are that HHS did not perform a formal and complete threat and risk assessment to derive, prioritize, or rank—in accordance with the most likely threats the nation will face—the specific items it plans to have researched, developed, produced, and stockpiled. In fact, several of the items HHS plans to procure do not match intelligence agencies' judgments on the more likely chemical and biological agents a terrorist group or individual might use. For example, smallpox, plague, and tularemia (a bacteria) are not among the intelligence agencies' lists of agents that are most likely to be used by terrorists. But HHS's stockpile initiative and plans are geared in part toward these biological threats.
addition, it is unclear from HHS' fiscal year 1999 operating plan whether the Department has fully considered the long-term costs, benefits, and return on investment of (1) creating and sustaining the production and inventory infrastructure for such a stockpile, (2) inventory maintenance, and (3) shelf-life issues. HHS estimates that research and expedited regulatory review of improved drugs and vaccines, enhancing disease surveillance and communications systems, and establishing regional laboratories to identify and diagnose biological and chemical agents will cost $139.7 million in fiscal year 2000.

We are currently reviewing the scientific and practical feasibility of the terrorist chemical-biological threat for this Subcommittee, Senator Specter, Senator Rockefeller, and Representative Skelton. We are examining the ease or difficulty of obtaining chemical and biological agents and making mass-casualty chemical and biological weapons outside a state actor's laboratory infrastructure and program. Such information would be among the inputs to a sound threat and risk assessment by a multidisciplinary team of experts.

Progress Toward Improving Management and Coordination of Programs and Activities to Combat Terrorism

We believe that the OMB reports on governmentwide spending and budgeting to combat terrorism are a significant step toward improved management and coordination of the complex and rapidly growing programs and activities. We recognize the challenges and difficulties of discerning much of the budgeting and spending for combating terrorism, which is often imbedded in larger accounts. 12 For the first time, the executive branch and Congress have strategic insight into the magnitude and direction of federal funding for this priority national security and law enforcement concern. The 1999 report provided additional analysis and more detailed information than the 1998 report on budgeting for programs to deal with weapons of mass destruction. For example, the 1999 OMB report identified total funding (budget authority) for combating weapons of mass destruction to be about $1.23 billion in fiscal year 1999 and $1.39 billion in the fiscal year 2000 budget request.

Nevertheless, OMB officials told us, as we noted in our December 1997 report, that a critical piece of the budget and spending picture is missing—

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threat and risk assessments that would suggest priorities and appropriate countermeasures. These officials noted—and we agree—that risk assessment is key to (1) knowing whether enough or too much is being spent, (2) judging whether the right programs are being funded, and (3) determining whether apparent duplication is good or bad. We have not fully evaluated the processes or methodologies the executive branch agencies used to derive the information in the 1998 and 1999 OMB reports. As a result, we cannot comment on whether or to what extent the reports reflect the best possible estimate of costs associated with programs and activities to combat terrorism. However, absent from the report was any discussion about established priorities or efforts to reduce or eliminate duplicative programs or activities across the government.

Another important step toward improved interagency management and coordination was the Attorney General's December 1998, classified 5-year interagency plan on counterterrorism and technology crime. The Conference Committee Report accompanying the 1998 Appropriations Act for the Departments of Commerce, Justice, and State, the Judiciary, and Related Agencies required the Attorney General to develop the plan in coordination with several agencies. The plan includes goals, objectives, and performance indicators and recommends that specific actions be taken to resolve interagency problems and issues identified and assigns relative priorities to the actions. The classified plan represents a substantial interagency effort and was developed and coordinated with 15 federal agencies with counterterrorism roles. The plan generally does not link its recommended actions and priorities to budget resources, although the document states that the agencies hope to improve the link between the plan and resources in subsequent updates.

Additionally, the executive branch has taken steps to reduce state and local officials' confusion over so many federal agencies' programs and capabilities intended to train, equip, and help them. The Department of Justice is establishing within the FBI a National Domestic Preparedness Office to coordinate the programs and other federal support for state and local governments. The office is intended to reduce state and local confusion over the multitude of federal training and equipment programs and response capabilities by providing "one stop shopping" for state and local agencies. Also, the office has commissioned a local, state, and federal interagency board to establish, maintain, and update a standardized equipment list for use by the interagency community in preparing state and local jurisdictions to respond to a terrorist incident involving a weapon of mass destruction.
In Presidential Decision Directive 62, issued in May 1998, the President designated a National Coordinator for Security, Infrastructure Protection and Counter-Terrorism who is not to direct agencies' activities but is to integrate the government's policies and programs on unconventional threats to the homeland and Americans abroad, including terrorism. The National Coordinator is also to provide advice in the context of the annual budget process regarding the budgets for counterterrorism. We understand he has established a number of working groups but have been unable to obtain any further information.

Conclusions

In the absence of well-defined requirements, we are seeing a sudden increase in federal funding, programs, and capabilities. Specifically, we observed a rapid increase in recent years in the number of federal programs and initiatives designed to provide training and equipment to local emergency responders and to add to federal capabilities to respond to a chemical or biological terrorist event. Although the executive branch has taken some steps to better manage efforts to combat terrorism, we believe that more needs to be done. We have recommended that the National Security Council, in consultation with the Director, OMB, and the other executive branch agencies, take steps to ensure that governmentwide priorities to combat terrorism are established, agencies' programs and requirements are analyzed in relation to the priorities, and resources are allocated based on the priorities and assessments of the threat and risk of terrorist attack. We also recommended that OMB use data on funds budgeted and spent by executive departments and agencies to, among other things, ensure that programs are based on analytically sound threat and risk assessments and avoid unnecessary duplication. The National Security Council and OMB have not fully embraced or implemented our recommendations.

Mr. Chairman, that concludes our prepared statement. We would be happy to answer any questions at this time.
Related GAO Products


Terrorism and Drug Trafficking: Threats and Roles of Explosives and Narcotics Detection Technology (GAO/NSIAD/RCED-96-76BR, Mar. 27, 1996).


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