

# Department of Homeland Security

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# Empower Department of Homeland Security Management and Streamline Congressional Oversight

## RECOMMENDATION

**Empower Department of Homeland Security (DHS) Management.** DHS managers should be empowered to ensure that department-level directives and unity of action are accomplished. Secretary John Kelly should provide more authority to centralized service components, such as the General Counsel, the Chief Financial Officer, the Chief Procurement Officer, the Office of Policy, and International Affairs, over their respective component offices. Re-organization is not enough—the Secretary must give his personal support to these offices.

**Streamline Congressional Oversight of DHS.** Oversight of DHS should resemble that of the Departments of Justice and Defense, being comprised of one primary homeland security committee in the House, and one in the Senate, with some additional oversight by the Intelligence Committees and a homeland security appropriations subcommittee in both chambers.

## RATIONALE

DHS's organizational cohesiveness and central leadership continue to face serious challenges that include financial management, acquisitions, information technology, planning, and budgeting. The Obama Administration attempted to remedy some of these problems through its Unity of Effort initiative to make the department work as a more cohesive whole, but much more remains to be done. For DHS to become a cohesive organization, core functions such as international affairs, financial management, information and technology policies, and legal counsel must be primarily handled by DHS headquarters rather than by each DHS component. Such reorganization should not exclude component heads from exercising their authority, but rather should ensure that department-level directives and procedures are followed. Another good step would be completing the

headquarters campus in Washington, DC, a project for which President Obama requested and Congress provided additional funding in FY 2016. With a history of cost overruns, DHS should ensure that this and future funding is well spent.

Beyond this, additional measures need to be taken by Congress to improve the authority of DHS's central leadership. This includes reforming congressional oversight of DHS. Labyrinthine layers of congressional oversight are consuming the department's time and resources, and there is bipartisan agreement among former and current DHS officials, think tanks, and the 9/11 Commission that this system of congressional oversight is harming security. It is time for parochial interests and battles over jurisdiction to give way to commonsense oversight and security.

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## ADDITIONAL READING

- David Inserra, "Congress Must Re-Set Department of Homeland Security Priorities: American Lives Depend on It," Heritage Foundation *Special Report* No. 175, January 3, 2017.
- Paul Rosenzweig, Steven Bucci, and David Inserra, "Reforming DHS: Missed Opportunity Calls for Congress to Intervene," Heritage Foundation *Issue Brief* No. 4336, January 26, 2015.
- Jessica Zuckerman, "Politics Over Security: Homeland Security Congressional Oversight in Dire Need of Reform," Heritage Foundation *Issue Brief* No. 3722, September 10, 2012.

# Streamline Federal Emergency Management Agency Disaster Management

## RECOMMENDATION

**Return More Responsibility for Disasters to State and Local Governments.** The Federal Emergency Management Agency (FEMA) has the authority to reduce FEMA's involvement in small disasters by increasing the threshold for federal aid to \$3 per capita in damages with a \$5 million minimum threshold (under which a federal disaster is never declared) and a \$50 million maximum threshold (over which a disaster declaration is always issued). Alternatively, a deductible idea currently being considered by FEMA could accomplish a similar outcome.

**Reduce the Disaster Cost Share for Smaller Disasters.** Congress should change the cost-share arrangement so that the federal government would only cover 25 percent of the costs for small disasters, with the cost share rising up to 75 percent for truly catastrophic disasters.

## RATIONALE

FEMA is the lead federal agency in preparing for and responding to disasters. It provides critical resources and expertise during disasters, but is over-tasked and crowding out state and local preparedness. After passage of the Stafford Act in 1988, the number of declared federal disasters changed dramatically, rising steadily from an average of 28 per year under President Ronald Reagan to an average of 130 per year under Presidents George W. Bush and Barack Obama.

The Stafford Act shifted most of the costs of a federalized disaster away from states and local governments to the federal government, and FEMA regulations made it relatively easy to qualify as a federal disaster. This combination has put FEMA in high demand, leaving it unprepared—in terms of both readiness and money—for truly catastrophic disasters in which its services are most needed. Reform of FEMA requires a greater emphasis on federalism and state and local preparedness, leaving FEMA to focus on large, widespread disasters.

## ADDITIONAL READING

- David Inserra, "Congress Must Re-Set Department of Homeland Security Priorities: American Lives Depend on It," Heritage Foundation *Special Report* No. 175, January 3, 2017.
- David Inserra, "FEMA Reform Needed: Congress Must Act," Heritage Foundation *Issue Brief* No. 4342, February 4, 2015.

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# Consolidate FEMA Grant Programs

## RECOMMENDATION

**Consolidate Homeland Security and Emergency Preparedness Grant Programs and Allocate Funds in a Risk-Based Manner.** Rather than being treated as federal dollars that should be spread around, federal grants should be focused on the highest-risk areas and issues. As part of this consolidation, grant programs should be evaluated, and ineffective ones, such as Staffing for Adequate Fire and Safety (SAFER), Fire Prevention and Safety (FP&S), and Assistance to Firefighter Grants (AFG), should be cancelled. Congress has prohibited such consolidation in the past and should reverse course.

## RATIONALE

FEMA also administers most of DHS’s grant programs, and not all of these programs are effective or the best use of limited homeland security dollars. Grants should be allocated in a risk-based manner and must be effective. For example, Heritage Foundation research has found that a variety of firefighter and emergency personnel grants—including SAFER, FP&S, and AFG—are not effective in reducing fire casualties. Given that there are other areas in DHS, and even other grant programs, where this funding could be used more effectively, Congress should require the consolidation of the grant programs and elimination of ineffective grants.

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## ADDITIONAL READING

- David Inserra, “Congress Must Re-Set Department of Homeland Security Priorities: American Lives Depend on It,” Heritage Foundation *Special Report* No. 175, January 3, 2017.
- David B. Mulhausen, “Fire Grants: Do Not Reauthorize an Ineffective Program,” Heritage Foundation *Issue Brief* No. 3788, November, 29 2012.

# Refocus the Transportation Security Administration

## RECOMMENDATION

### **Refocus the Transportation Security Administration (TSA) on Security Regulations and Oversight.**

The TSA should focus on ensuring that security standards are being met and heading off the next generation of threats.

### **Replace TSA Screeners with Private Screeners in One of Two Ways:**

1. **Mandate that the Screening Partnership Program (SPP) cover all airports.** The TSA will turn screening operations over to airports, which will hire security contractors that meet TSA regulations.
2. **Adopt a Canadian-like system.** The TSA will turn over screening operations to a new government corporation that contracts out screening service to private contractors. Contractors would bid on providing their services to a set of airports in a region, likely around 10 regions in the U.S.

## RATIONALE

The U.S. holds the dubious honor of being one of only a handful of Western nations that use government employees as airport screeners. Created after 9/11, the TSA assumed the important role of providing security at airports, but this is not the best way to accomplish this goal. Most European countries and Canada allow airports to provide their own screening force or hire their own contractors. In the U.S., the limited SPP provides private screeners, with TSA oversight, in place of TSA screeners. The SPP has resulted in reductions in cost, as well as increased customer satisfaction and productivity, while performing no worse than government screeners in terms of security. While this would seem like an easy decision for most airports, the regulations and past TSA decisions regarding SPP have made it difficult to implement, as it can take as long as four years to join or renew an SPP contract that is micromanaged by the TSA.

Alternatively, the U.S. could look to the Canadian model. Transport Canada (TC) acts as the security regulator; a government corporation, CATSA, is

responsible for technology and equipment and hiring private contractors for screening services. Rather than bidding on one airport at a time, contractors bid to provide screening services within one of four regions. This provides some economies of scale and provides contractors with additional flexibility in managing their workforce. Within the bounds of TC-set security regulations, CATSA sets standard operating procedures and efficiency standards for the private screening force at airport security checkpoints. This model is more effective and less costly than the one in the U.S. Researchers in Canada found that from 2005 through 2014, Canada spent around 50 percent less per capita on aviation security than did the United States. Over the same period, Canada spent approximately 20 percent less per traveler than the U.S.

The U.S. would realize significant benefits by switching to private screeners through an expansion of the SPP or a move to a Canadian-like system.

## ADDITIONAL READING

- David Inserra, "Congress Must Re-Set Department of Homeland Security Priorities: American Lives Depend on It," Heritage Foundation *Special Report* No. 175, January 3, 2017.

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# Eliminate Fire Grants

## RECOMMENDATION

Congress should eliminate the fire grant program administered by the Federal Emergency Management Agency (FEMA).

## RATIONALE

Fire grants encompass a number of programs. The Assistance to Firefighters Grant (AFG) program subsidizes the routine activities of local fire departments and emergency management organizations. The Fire Prevention and Safety (FP&S) grants fund projects to improve the safety of firefighters and protect the public from fire and related hazards, while the Staffing for Adequate Fire and Emergency Response (SAFER) grants are intended to increase staffing levels by funding the salaries of career firefighters and paying for recruitment activities for volunteer fire departments.

The Heritage Foundation's Center for Data Analysis (CDA) evaluated the effectiveness of fire grants by matching fire grant award data to the National Fire Incident Reporting System, an incident-based database of fire-related emergencies reported by fire

departments. Using panel data from 1999 to 2006 for more than 10,000 fire departments, the CDA assessed the impact of fire grants on four different measures of fire casualties: (1) firefighter deaths, (2) firefighter injuries, (3) civilian deaths, and (4) civilian injuries. The CDA compared fire departments that received grants to fire departments that did not receive grants. In addition, the CDA compared the impact of the grants before and after grant-funded fire departments received federal assistance.

The evaluation showed that AFG, FP&S, and SAFER grants failed to reduce firefighter deaths, firefighter injuries, civilian deaths, and civilian injuries. Without receiving fire grants, comparison fire departments were just as successful at preventing fire casualties as grant-funded fire departments.

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## ADDITIONAL READING

- David B. Muhlhausen, "Do DHS Fire Grants Reduce Fire Casualties?" Heritage Foundation *Center for Data Analysis Report* No. 09-05, September 23, 2009.
- David B. Muhlhausen, "Fire Grants: Do Not Reauthorize an Ineffective Program," Heritage Foundation *Issue Brief* No. 3788, November 29, 2012.

# Streamline Science and Technology R&D at DHS

## RECOMMENDATION

**Streamline and Focus DHS Research and Development (R&D).** DHS should consider folding the Domestic Nuclear Detection Office (DNDO) and the Office of Health Affairs (OHA) into the Science and Technology Directorate (S&T). This reorganization must be accompanied by significant policy reforms that focus S&T on delivering helpful products to DHS operational components.

## RATIONALE

Within DHS, multiple organizations, including the DNDO, the OHA, the Coast Guard, the TSA, and the Customs and Border Protection, conduct research that is to be coordinated by S&T. The case for reorganization can best be made for combining OHA and DNDO with S&T, as both OHA and DNDO are fairly small offices with research functions. Past reorganization efforts have considered moving the DNDO and the OHA into S&T to benefit from greater efficiencies of a single R&D organization while reducing the sheer number of direct reports to the DHS Secretary. The nuclear-detection, health, biological, and chemical research conducted by these organizations can and should continue within S&T, but should take place within a more holistic view of research and the needs of the department.

This reorganization, while potentially helpful from an organizational efficiency perspective, is not enough. Indeed, one significant problem with S&T research is that it does not adequately meet mission needs or benefit national security. According to the Government Accountability Office, DHS components that were surveyed “consistently said they were aware of few or no

products that S&T had transitioned from one of S&T’s R&D projects to their respective components.” As a result, S&T customers are likely to view S&T as not meeting end-user needs.

Toward the end of the Obama Administration, DHS Under Secretary for Science and Technology Reginald Brothers tried to better focus S&T’s efforts by reducing the overall number of research programs in order to ensure more attention for the remaining programs. S&T also started a pilot program that assigns S&T researchers to components’ laboratories in order to give researchers a better understanding of what is occurring at, and what is needed by, that component. Similarly, S&T has begun focusing on what it calls “technology foraging,” which seeks out existing or emerging technologies that could be adapted to meet DHS’s needs. These efforts are good first steps but must be expanded in order to help DHS components field useful and innovative technology. While DHS should continue to conduct some longer-term research, the pendulum must swing toward meeting operational needs of components.

## ADDITIONAL READING

- Brian Finch and David Inserra, “Expand the SAFETY Act to Make the U.S. More Secure,” Heritage Foundation *Issue Brief* No. 4662, March 9, 2017.
- David Inserra, “Congress Must Re-Set Department of Homeland Security Priorities: American Lives Depend on It,” Heritage Foundation *Special Report* No. 175, January 3, 2017.

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# End the National Flood Insurance Program

## RECOMMENDATION

The National Flood Insurance Program (NFIP) should be phased out to allow private insurers to assume the disaster risks now borne by taxpayers. Toward that end, Congress must eliminate a variety of barriers to entry, including taxpayer subsidies for NFIP coverage. Other necessary actions for transition include:

- **Require FEMA to share with private insurers** its aggregate premium and claims data, and supply property-specific data at the request of a property owner.
- **Confirm that private insurance policies will satisfy mortgage requirements** for mandatory coverage. This could prompt private insurers to market new insurance products.
- **Allow state insurance regulators to oversee** solvency and capital requirements for insurance companies in their jurisdictions. This would increase accountability and reduce insurer uncertainty related to federal agencies issuing conflicting rules.
- **Allow policyholders to submit premium payments in monthly installments**, which could make unsubsidized coverage more manageable.

## RATIONALE

Virtually all flood insurance is issued by the federal government under the National Flood Insurance Act of 1968. By providing coverage at rates that do not reflect flood risk, the program subsidizes development in flood zones. More development in flood zones worsens the devastation of disasters. And because the subsidized insurance premiums are actuarially unsound, FEMA requires taxpayer bailouts.

The NFIP currently owes taxpayers \$24 billion. With direct access to the Treasury, FEMA has little budgetary discipline. For example, the fees paid to private insurers to sell and service the policies on behalf of the government consume more than a third of all premiums.<sup>1</sup>

Other structural elements render the program fatally flawed, including:

- **Wealth redistribution.** The NFIP charges the same rates for vacation homes and owner-occupied structures. However, a significant proportion of homes built on coastal barrier islands are expensive vacation homes. The

use of taxpayer funds to subsidize the lifestyle preferences of a select few is inherently unjust.

- **Dysfunctional pricing.** A large proportion of the FEMA risk maps are obsolete. For example, they assume that levees and dikes will protect the properties near them regardless of whether they are adequate and in good repair.
- **Moral hazard.** Property owners expect the government to provide disaster assistance regardless of their insurance status. Consequently, NFIP enrollment is skewed to the most flood-prone properties.
- **Repetitive claims.** A small percentage of properties experiencing repeated flood damage comprise a large proportion of total claims.
- **Incomplete coverage.** Many NFIP policies only cover the remaining balance on a structure's mortgage, not the cost of actually replacing it. This protects the lender but can leave homeowners with a ruined property that they cannot afford to rebuild.

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## ADDITIONAL READING

- David C. John, "Fixing the National Flood Insurance Program," testimony before the Committee on Banking, Housing and Urban Affairs, U.S. Senate, February 2, 2006.
- Diane Katz, "No Retreat on Flood Insurance Reform," Heritage Foundation *Issue Brief* No. 4153, February 21, 2014.



## ENDNOTE

1. Erwann O. Michel-Kerjan, "Catastrophe Economics: The National Flood Insurance Program," *Journal of Economic Perspectives*, Vol. 24, No. 4 (Fall 2010).