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TESTIMONY

From

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Before the

**Subcommittee on Management, Integration, and Oversight of
the Committee on Homeland Security
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On

**“Transforming the Department of Homeland Security
Through Mission-based Budgeting”**

Mr. Chairman, I am honored to have been invited to testify before you on consideration of the use of prioritization when determining funding allocations for the Department of Homeland Security (DHS.) However, as I ponder the title of this hearing “mission-based budgeting”, I come to the conclusion that the title really poses the question of whether the budget process can help guarantee the mission of DHS. My considered opinion on that question is that a “mission-based budget” can do a great deal to move the department towards a central, collective focus of improved security for Americans at home. My experience in examining organizational performance also tells me that those organizations with a tight focus on their mission are more likely to be successful in achieving their mission.

Any consideration of performance at DHS must acknowledge some fundamental truths. The Department of Homeland Security, created by Executive Order signed by the President in January of 2003 is the biggest merger in the history of United States government. However, the merger was conducted in a time of urgency and the normal organizational preparation that would precede such a merger in the private sector did not

occur in the creation of DHS. Instead, 23 significant existing organizations with very disparate activities and cultures were dropped into one single corporate body with instructions to sort it out, to make the homeland safe, and continue to do all of the things currently done by each merging organization. In all normal circumstances, it would take years for this huge organization to develop a common culture with collective responsibility for protecting the homeland and an internal acceptance that resources go first to those functions that will make the greatest contribution to diminishing the risk to the homeland.

I would now like to expand on those comments by saying that unless the right internal incentives are created then no progress towards a common culture with a priority mission of protecting the homeland will be made. In fact, absent the right incentives it is probable that in 10 years DHS will still be 23 independent organizations living under the same umbrella with no shared focus on improved security for the homeland. The strongest incentives leading to changed culture in organizations are those that determine the basis for the allocation of resources. The initiative of the committee to give consideration to “mission-based budgeting” is very timely and appropriate.

While it is reasonably easy to accept intellectually and practically that a move towards “mission-based budgeting” is the right thing to do, pondering how to accomplish this initiative is a major challenge, but not impossible. When considering this challenge, it is necessary to recognize that each of the component parts of the department have two roles: improving the security of the homeland and accomplishing their historic service to the American public. The purpose here is to give priority to those functions that will contribute most to the improved security of the homeland while not jeopardizing the traditional services provided.

In my view, the best way to approach this challenge is to separate the two roles and identify improving security of the homeland as the primary role of the Department of Homeland Security (DHS) with traditional services being the responsibility of the component parts of DHS. This requires a vision of DHS that resembles a conglomerate with collective responsibility for improving the security of the homeland and individual responsibility for accomplishing its traditional functions. Under this vision, it is possible to imagine a scenario in which DHS purchased improved security from the various components of the department according to how much improvement each purchase brings to security of the homeland. The above structure would help to create the environment for growing a collective responsibility across the department for improved security for the homeland without jeopardizing the other traditional functions.

The next issue is addressing the question of whether this is workable. The key to achieving a universally shared commitment across all the components of DHS is to articulate goals that spell out a strategy for improved security and can be adopted and supported by each organization yet are unique to the role of the collective department. In my view, the department in its current strategic plan has significantly captured this concept. What is now needed is the physical manifestation that the goals laid out in the strategic plan will indeed be the basis for management decision-making and will lead to

improved security for Americans at home. A major reinforcement of those goals would result if Congress were to link its funding priorities to the same goals.

Considering whether this is a viable proposition requires that we look at those strategic plan goals. (Note: currently this strategic plan is under review by the new Director but at time of writing I am unaware of whether he has completed that review and released his findings.) (Note: the comments in italics are mine and reflect my interpretation of these goals.)

Awareness:

Identify and understand threats, assess vulnerabilities, determine potential impacts and disseminate timely information to our homeland security partners and the American public.

“Timely knowledge of potential threats.”

Prevention:

Detect, deter and mitigate threats to our homeland.

“Eliminating the threat.”

Protection:

Safeguard our people and their freedoms, critical infrastructure, property and the economy of our Nation from acts of terrorism, natural disasters, or other emergencies.

“Making it harder to do damage to Americans, or to America.”

Response:

Lead, manage and coordinate the national response to acts of terrorism, natural disasters, or other emergencies.

“Capability and readiness to eliminate mitigate or diminish the impact of acts of terrorism.”

Recovery:

Lead national, state, local and private sector efforts to restore services and rebuild communities after acts of terrorism, natural disasters, or other emergencies.

“Rebuilding the lives of Americans and their communities after terrorist acts.”

Service:

Serve the public effectively by facilitating lawful trade, travel and immigration.

“In the face of threat to allow America to enjoy the American way of life.”

Organizational Excellence:

Value our most important resource, our people. Create a culture that promotes a common identity, innovation, mutual respect, accountability and teamwork to achieve efficiencies, effectiveness and operational synergies.

“Having the capability to get the job done.”

While in most organizations I would really consider this to be mainly a values statement, in the case of DHS these things can be considered outcomes. It is also possible to see that there is a logical progression to these goals. Plus, it is possible to determine an order of priorities. For example, it would make little sense to have high levels of excellence on recovery if that was achieved at the expense of Awareness, Prevention or Protection. It is also possible to assess which parts of DHS make the greatest contributions to Awareness, Prevention, or Protection. However, if it were not possible to prevent an attack, it would be strategically irresponsible to consume all the resources for Awareness, Prevention and Protection and then not have the capacity to recover from an attack. So what would be necessary would be a strategically weighted approach to investing in improved homeland security that gave the greatest weight to those goals that would prevent a terrorist event but also have appropriate backup if the primary strategy were to fail for whatever reasons. (Note: I would recommend separating the goals of Homeland Security from the traditional tasks of the component organizations of DHS.)

Given the above, it is also possible to see a developing culture at DHS that would have a collective responsibility for improving the security of the homeland while at the same time maintaining individual responsibilities for traditional functions. It is also possible to foresee an environment where Congress could clearly indicate its priorities by its budget allocations and be able to exercise clear accountability from DHS for those priorities. What I am envisioning here is a two-tier system of budget allocations. One tier of allocations would specify the improvements expected in each of the goal areas in DHS's strategic plan. A second tier would be organization-specific and would provide for the traditional activities of organizations like FEMA and the Coast Guard. While I accept that such an approach is theoretically possible, I also recognize that there will be considerable difficulty in physical implementation.

One of the greatest challenges facing DHS is the difficulty of measuring improved security. For example, how do you measure something that did not happen when the public expectation of success is that no terrorist events occur on the homeland? However, there are many relevant factors that can be measured to allow constructive analysis to determine whether there has been an improvement in the security of the homeland. Some of this information would, by its very nature, have to remain classified, but improvements in the state of knowledge about terrorist activities would certainly be a measure of success against the Awareness Goal. The success of actions taken or strategies implemented that defused that risk would also be appropriate measures of success against the Prevention goal. The strategic actions taken to protect information, venues, assets and other potential targets can be measured as improvements against the Protection goal. Response is about readiness and the military have long specialized in measuring their readiness. That knowledge would provide the basis for measuring improvements against the Response goal. FEMA has widespread

experience in assessing the recovery times and costs from disasters which would form the basis of the measures against the Recovery Goal.

Such information allows qualified people to competently advise Congress about the existence of strengths and weaknesses in the protection of the homeland, and allows for the advisement on where strategic investment by Congress would give the greatest gains in security.

Conclusion:

The question posed by this hearing is, “Can the security of the American Homeland be improved by taking a strategic approach to funding the department of Homeland Security based upon linking funding to advancing the mission of the department?” My answer is emphatically, yes! In fact, to do otherwise would be irresponsible and would invoke an avoidable risk that could be eliminated by “mission-based budgeting”. However, implementation will not be easy and will require a high level of commitment to mission by senior managers at DHS over the sectional interests of their own organization.