



SPECIAL REPORT: Homeland Security Appropriations for FY 2005 (Conferenced) and California Implications - October 2004

On October 9 and October 11, 2004, the House and Senate respectively approved the conference report to accompany the bill, H.R. 4567, providing fiscal year 2005 appropriations for the Department of Homeland Security and Related Agencies.

Previously, 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 conference report 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/hsc05c.htm> and in printable "pdf" format at <http://www.calinst.org/pubs/hsc05c.pdf>

DEPARTMENT OF HOMELAND SECURITY

Shortly before Congress adjourned, a House-Senate conference committee reached agreement on a fiscal year 2005 spending package for the Department of Homeland Security and both houses approved the measure. The bill, H.R. 4567, was approved by the House on Friday, October 9, 2004 by a vote of 368 to 64. The Senate followed suit on Sunday, October 11, approving the measure by voice vote.

The FY 2005 Homeland Security Appropriations Conference Report provides that a total of nearly \$1.7 billion will be distributed according to a much-embattled state grant formula, originally contained in the USA Patriot Act, that fiscally advantages small states over larger states. (In 2004, formula funds provided California \$5 per capita and Wyoming \$38 per capita.) That \$1.7 billion includes \$1.5 billion to be distributed under the state homeland security grant program or SHSGP (of which \$400 million is specifically directed for use for law enforcement purposes) and an additional \$180 million appropriation for Emergency Management Performance Grants (EMPGs), which have used the same distribution formula. The formula total for 2005 is considerably less than the \$2.2 billion that was distributed by the same formula in 2004.

The appropriations bill significantly increases discretionary grants, which are provided \$1.2 billion in total funding. Included in these discretionary grants are \$885 million for high-threat high-density urban area grants, \$150 million for port security grants, another \$150 million for rail and

transit security grants, \$10 million for intercity bus security grants, and \$5 million for trucking security grants.

The change in funding totals is likely to increase total funding to California. In 2004, the state received less than 8% of formula grants, but more than 20% of urban area grants, so California's total funds will likely grow with the increasing relative proportion of urban area grants. (However, it is important to remember that urban area grants are distributed at the discretion of the Department and thus may fluctuate from year to year.)

In addition, the state recently received approximately 17% of port security grants and 14% of transit grants. However, past history may be a poor indicator of future rail and transit grant funding. Unlike prior years, when transit security grants were a component of urban area grant funding, the 2005 appropriations bill creates a freestanding \$150 million discretionary account that is to be used for "intercity passenger rail, freight rail, and transit security grants."

The conference report also provides \$715 million for firefighter assistance grants. The fire program is largely focused on rural fire departments, and California received 4% of funds in 2003. Conferees agreed to provide \$50 million for a technology transfer program as a freestanding program (not carved out of law enforcement grants, as the Senate had proposed). Report language indicates that the program is also designed to benefit primarily rural areas.

Funding of \$15 million is provided for the "Citizen Corps" program. Given the funding total provided, it appears that the funds may be used for national programs only, not distributed by formula to state or local entities as has been the case in the past. A separate program for "Continuing Training Grants" may fund or replace these formula grants.

In other areas, the 2005 Homeland Security conference report provides \$340 million for the U.S. VISIT project to track the status of immigrants in the United States on student, visitor and other types of visas. The Report states: "The conferees are troubled by the security gap on the nation's borders caused by delays in linking the Automated Biometrics Identification System (IDENT), the fingerprint database managed by Customs and Border Protection (CBP) and US Visitor and Immigrant Status Indicator Technology (US-VISIT), with criminal history data contained in the Federal Bureau of Investigation's Integrated Automated Fingerprint Identification System (IAFIS). The conferees understand that by the end of calendar year 2004, interoperability will exist at airports, seaports, and the largest and busiest Border Patrol stations and land ports of entry."

For Immigration and Customs Enforcement, the conferees agreed to provide \$2,438,494,000, instead of \$2,377,006,000 as proposed by the House and \$2,513,438,000 as proposed by the Senate. This funding includes increases of: \$11,000,000 for alternatives to detention; \$6,000,000 to reduce immigration court backlog; \$14,000,000 for the Visa Security Unit and Overseas Operations; \$30,000,000 for the Institutional Removal Program; \$25,000,000 for benefit fraud enforcement; \$5,000,000 for worksite enforcement; \$26,500,000 for detention bedspace support; \$16,000,000 for compliance teams; \$50,000,000 for fugitive operations (including associated detention and removal costs); \$6,216,000 for the Guantanamo Migrant Operations Center; and \$4,200,000 for the Cyber Crime Center. \$828 million is also provided to modernize border, customs, and immigration information technology,

For Citizenship and Immigration Services (CIS), the conferees provide \$160,000,000, as proposed by the House, instead of \$140,000,000 as proposed by the Senate. This includes \$140,000,000 for backlog elimination, as well as \$20,000,000 for the historical records project to convert immigration records into an electronic, digitally-accessible format. Other activities of CIS will be offset by the estimated \$1,571,000,000 collected through fees.

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> .

For additional information, see the preceding document, which examined the House and Senate versions of this bill, available at <http://www.calinst.org/pubs/hsc05hs.htm> .