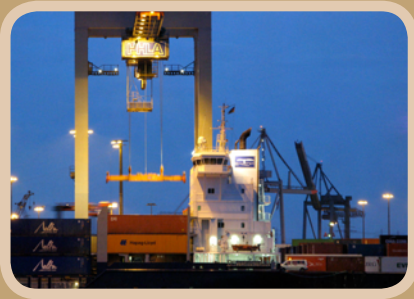


Report of the Task Force on

A Unified Security Budget

for the **United States, FY 2009**



BY **FOREIGN POLICY IN FOCUS**
OF THE INSTITUTE FOR POLICY STUDIES
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Executive Summary

At a hearing before the Senate Foreign Relations Committee in July, Eric Edelman, Under Secretary of Defense for Policy, said: “We all agree that a militarized foreign policy is not in our interests.”¹

He’s right. Since 2004, the annual Unified Security Budget report has outlined and promoted a rebalancing of resources funding offense (military forces), defense (homeland security), and prevention (non-military international engagement, including diplomacy, nonproliferation, foreign aid, peacekeeping, and contributions to international organizations.)

- **FINDING:** This year that goal has entered the realm of conventional wisdom. During the past year, the foreign policy establishments representing defense, diplomacy, and development have all converged to support a rebalancing of security spending.

Leading the pack has been the Secretary of Defense Robert Gates himself. In a November 2007 speech he said, “Funding for non-military foreign affairs programs...remains disproportionately small relative to what we spend on the military...Consider that this year’s budget for the Department of Defense—not counting operations in Iraq and Afghanistan—is nearly half a trillion dollars. The total foreign affairs budget request for the State Department is \$36 billion... [T] here is a need for a dramatic increase in spending on the civilian instruments of national security.”²

But saying this should be done is not the same as actually doing it.

- **FINDING:** In the last budget he will be officially responsible for, the increase Secretary Gates requested for his own department closely matched that \$36 billion that he cited, and deplored, as the State Department’s total.

When supplemental war spending is included in the total, this budget widens the gap, in real terms, between current U.S. military spending and all previous levels since World War II. This budget would have U.S. levels exceeding total military spending by the next 45 countries combined.

- **FINDING:** Our analysis shows that 87% of our security resources are being spent on military forces (in the regular budget alone, excluding war spending), vs. 8% on homeland security and 5% on non-military international engagement.

Finding: In the final Congressional appropriations for FY 2008, the ratio of funding for military forces vs. non-military international engagement was 16:1. Despite Secretary Gates’ lament about this disparity, his defense budget for FY 2009 actually widens it to 18:1.

This report, written by a taskforce of experts in fields including military budgeting, forces and policy, nonproliferation, development, alternative energy, and homeland security, outlines a way to do the rebalancing between military and non-military security tools, rather than just talking about it.

It recommends \$61 billion in cuts in military programs and explains why each can be made with no sacrifice to our security. The reductions include:

- About \$25 billion to be saved by reducing our nuclear arsenal, keeping National Missile Defense in a research mode and stopping the weaponization of space;
- Another \$24 billion in savings from scaling back or stopping R&D and production of weapons we don’t need;
- About \$5 billion in savings from unneeded conventional forces including two active Air Force wings and one carrier group; and,
- About \$7 billion from tackling procurement waste and pork-barrel earmarks.

The Unified Security Budget also shows where an additional \$10 billion in savings can be achieved by rescinding funds that were appropriated in previous years but have not yet been spent.

And it identifies \$65 billion in reallocated spending to address key neglected non-military security priorities. Three examples:

- The Task Force’s recommended increases in funding for rail and transit security, allowing the United States to fully implement the 17 baseline security action items developed by the Federal Transit Administration, \$3.2 billion, could be paid for by canceling the unneeded DDG-1000 Destroyer;
- The FY 2009 budget request to prevent the spread of nuclear weapons materials around the world could be doubled, to \$2.8 billion, by ending the offensive space-based weapons program; and,
- The total shortfall owed to international organizations could be funded by foregoing the increase in spending over FY 2008 for the ill-advised Virginia Class Submarine.

We are pleased to report that the government’s budget agencies have made progress in providing the tools Congress will need to do the rebalancing. The Office of Management and Budget (OMB) now includes a line in the budget totaling “Security Spending.” It follows our Unified Security Budget’s definition of the term,

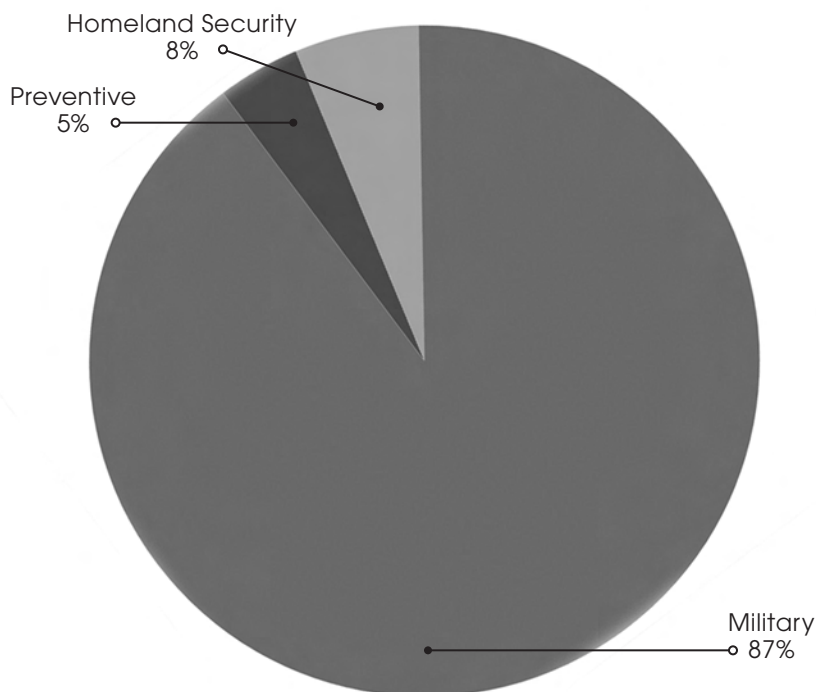
comprising spending on defense, homeland security, and international affairs. Unfortunately it lumps them all together, obscuring the disparity among them.

This year for the first time, the Congressional Budget Office has improved on what OMB has done by presenting these security spending categories so that the relative balance among them is clear.

But to reiterate: knowing about the imbalance and doing something about it are not the same. This report analyzes the obstacles that stand in the way of a rebalancing. Secretary Gates pointed to one when he noted recently that diplomacy “simply does not have the built-in, domestic constituency of defense programs.” Another is that the organizational structures, processes, and tools in both the executive and legislative branches are poorly constituted to get this done.³

This report includes a section of recommendations for policy changes with both of these challenges in mind. One, addressing reform of the budget process governing military and non-military security spending, comes from Bush administration’s own Advisory Committee on Transformational Diplomacy. It recommended that

FIGURE 1: NATIONAL SECURITY, PROPOSED FY2009



Source: OMB, Budget of the U.S. Government, FY2009.

the House and Senate Budget committees create a joint national security subcommittee whose purpose would be “to set spending targets across all major components of the U.S. national security establishment’s budget: defense, intelligence, homeland security, and foreign affairs/development/public diplomacy.”⁴

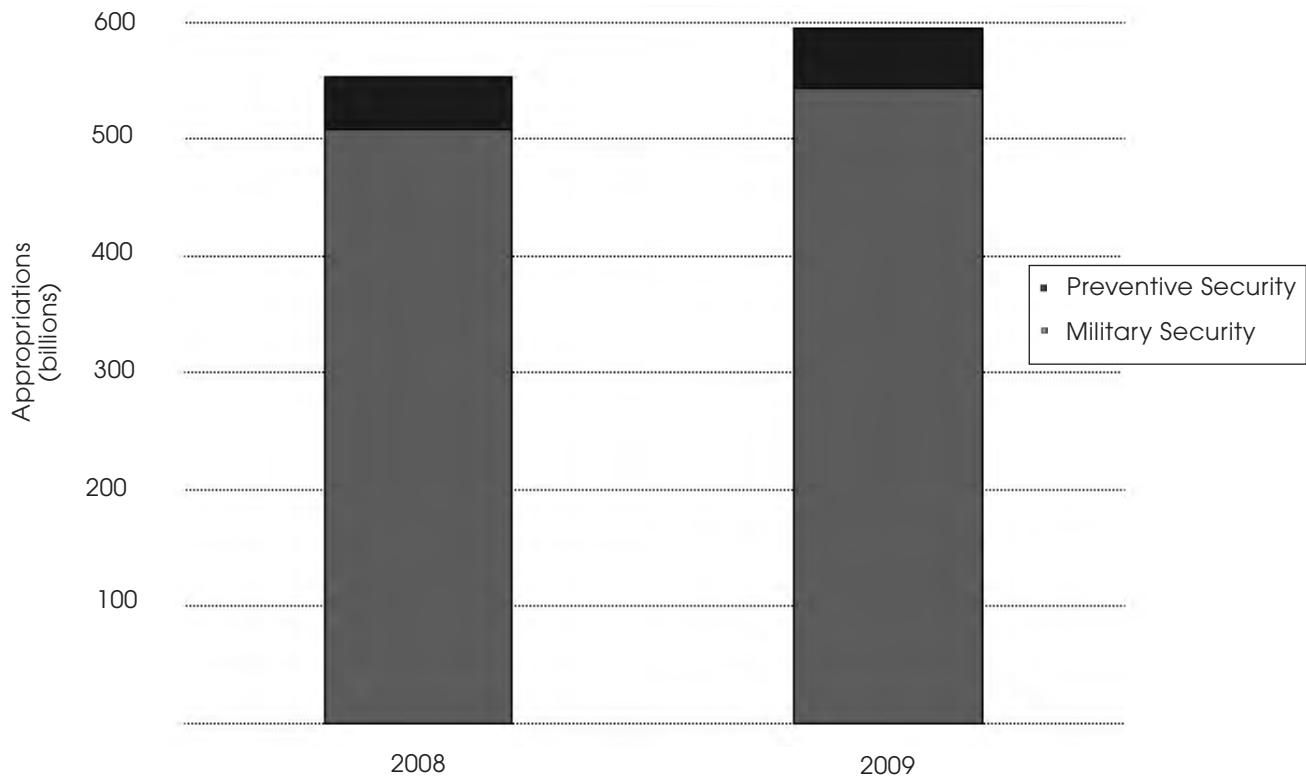
The coming change in presidential administrations represents a major opportunity to build the less militarized foreign policy that Under Secretary Edelman correctly observed is in the nation’s best interest.

Both presidential nominees have cited increasing spending on non-military foreign engagement as a key security measure. In July John McCain said that “[Foreign aid] really needs to eliminate many of the breed-

ing grounds for extremism, which is poverty, which is HIV/AIDS, which is all of these terrible conditions that make people totally dissatisfied and then look to extremism...” Barack Obama has said, “I know development assistance is not the most popular of programs, but as president, I will make the case to the American people that it can be our best investment is increasing the common security of the entire world and increasing our own security.” Both men have, in fairly non-specific terms, expressed an interest in reining in runaway military spending.⁵

Increasing spending on non-military security tools and curbing unneeded military spending are crucial. This report tells McCain and Obama how they could do both.

FIGURE 2: RATIO OF MILITARY TO PREVENTIVE SECURITY FUNDING



Source: OMB, Budget of the U.S. Government, FY2009.

ENDNOTES

- 1 Testimony of Eric Edelman, Undersecretary of Defense, before the United States Senate Committee on Foreign Relations on “Defining The Military’s Role Toward Foreign Policy,” July 31, 2008. <http://foreign.senate.gov/testimony/2008/EdelmanTestimony080731p.pdf>
- 2 Robert Gates, Secretary of Defense, Landon Lecture at Kansas State University, November 26, 2007. <http://www.defenselink.mil/speeches/speech.aspx?speechid=1199>
- 3 Robert Gates, Secretary of Defense, Landon Lecture at Kansas State University, November 26, 2007. <http://www.defenselink.mil/speeches/speech.aspx?speechid=1199>
- 4 Secretary’s Advisory Committee on Transformational Diplomacy, working group report, February 2008. <http://www.state.gov/secretary/diplomacy/>
- 5 Michele Kelemen, NPR’s All Things Considered, “Candidates Share Interest in Boosting Foreign Aid,” broadcast August 7, 2008. <http://www.npr.org/templates/story/story.php?storyId=93375859>

Introduction

For each of the last five years, this collaboration of experts in fields including military budgeting, forces and policy, nonproliferation, peacekeeping, development, and homeland security, has produced this report that:

- Analyzes the overall balance of federal resources devoted to what we have called offense (military force), defense (homeland security), and prevention (non-military security tools);
- Outlines a way of bringing spending on each of these categories into better balance, and explains how each of our recommended shifts of spending will enhance U.S. security; and,
- Recommends that a Unified Security Budget be created, incorporating these spending categories, as a tool for decision-making on overall security spending levels and priorities.

In addition, last year for the first time we began to address obstacles to these reforms presented by the current budget process, laying out a range of concrete mechanisms for removing these obstacles.

This year the prospects for concrete change in these directions are stronger than they have ever been. Some key indicators:

- Robert Gates, the current Secretary of Defense, has endorsed a rebalancing of security resources to enhance the role of non-military tools. In a speech at Kansas State University on November 26, 2007 he said, “Funding for non-military foreign affairs programs... remains disproportionately small relative to what we spend on the military...Consider that this year’s budget for the Department of Defense—not counting operations in Iraq and Afghanistan—is nearly half a trillion dollars. The total foreign affairs budget request for the State Department is \$36 billion ... [T]here is a need for a dramatic increase in spending on the civilian instruments of national security.”¹
- Secretary Gates’ view is supported by a group of 50 retired three- and four-star generals

and admirals representing all branches of the Armed Services. In testimony before the Senate Foreign Relations Committee on March 5, the leaders of this group, General Anthony Zinni, USMC (ret), and Admiral Leighton W. Smith, Jr., USN (ret), called for “[s]hifting the emphasis of U.S. foreign policy from one that relies heavily on military might to one that elevates the value of diplomacy and development.” They identified the imbalance of resources as key to the problem: “Our military mission has continued to expand as funding for the State Department and development agencies has been inadequate to the tasks they have been asked to perform. They have been forced to make do, with fewer personnel, more responsibility, but without the resources to match their assignments...The International Affairs Budget represents only 6% of the overall National Security Budget, which includes defense and homeland security. The entire current International Affairs Budget is roughly equal to the requested INCREASE in the Defense Department budget...It is time to rethink and rebalance our investments to create a better, safer world.”²

- In addition to making the case for a doubling of resources for the diplomatic mission, the Bush administration’s Advisory Committee on Transformational Diplomacy addressed reform of the budget process governing military and non-military security spending. It recommended that the House and Senate Budget committees create a joint national security subcommittee whose purpose would be “to set spending targets across all major components of the U.S. national security establishment’s budget: defense, intelligence, homeland security, and foreign affairs/development/public diplomacy.”³

Support for a Unified Security Budget, combining military and non-military security spending, came in December 2007 from the HELP Commission. Its members were convened by Congress and appointed by President George W. Bush and congressional leaders from both parties to outline a program of reforms for the U.S. foreign assistance system, which all agreed

was “broken.” A majority of the commissioners recommended creating a National Security Budget incorporating spending on Defense and International Affairs, “with as much as 10% devoted to international affairs activities.” They note that this would “double foreign aid levels.”⁴

In sum, during the past year the foreign policy establishments representing defense, diplomacy, and development have all converged to support a rebalancing of security resources. They have also put on the table several of the key mechanisms our Unified Security Budget Task Force has recommended for doing so.

Crucially, for a democracy, majorities of the U.S. public support this rebalancing:

- According to the latest “Confidence in U.S. Foreign Policy Index,” conducted by Public Agenda and the Council on Foreign Relations’ *Foreign Affairs* magazine, “69% of the public now say there should be more emphasis on diplomatic and economic methods in the war on terrorism over military means, an increase of five points” since they began measuring this in 2005.⁵
- The Pew Research Center confirms that between 2002 and 2006 the number of Americans who believe that military force can reduce the risk of terrorism dropped sharply, from 48 to 32%.⁶

At the end of July, the Rand Corporation, the government-supported think tank which advises the Defense Department, released a study providing the empirical evidence to corroborate this shift in belief. “How Terrorist Groups End: Lessons for Countering al Qaeda” analyzed 648 terrorist groups operating over the past 40 years and found that “most groups have ended because (1) they joined the political process or (2) local police and intelligence agencies arrested or killed key members. Military force has rarely been the primary reason for the end of terrorist groups.” They conclude, finally, that “the U.S. strategy against al Qaeda centered on the use of military force... was not successful in undermining al Qaeda’s capabilities.”⁷

NOW FOR THE REALITY CHECK

Unfortunately, as Secretary Gates was delivering his powerful rhetoric condemning, and dramatizing, the

gaping differential between defense spending and all civilian instruments of security, he had already submitted a budget that would exacerbate the problem by increasing military spending over the previous year’s appropriations by more than \$36 billion. That is, while he was lamenting the meager international affairs budget of \$36 billion, dwarfed as he said by spending on the military, he was proposing to *increase* his own military budget, as General Zinni, former head of Central Command, pointed out, by the same amount, above its already-record level of the previous year.

This budget only accounts for “regular” defense spending, excluding the large supplemental appropriations for the wars we are actually waging. When including war supplemental funding, U.S. defense spending in FY 2009 will be at its highest level, in inflation-adjusted dollars, since World War II. The United States will spend significantly more, in inflation-adjusted dollars, for defense in FY 2009 than it did during the peak years of the Korean War (1953; \$545 billion), the Vietnam War (1968; \$550 billion), or the 1980s Reagan-era buildup (1989; \$522 billion). When including war supplemental funding, the United States is also projected to spend more on defense in FY 2009 than the next 45 highest spending countries combined—including 5.8 times more than China (2nd highest), 10.2 times more than Russia (3rd highest), and 98.6 times more than Iran (22nd highest). Indeed, the United States is slated to account for 48% of the world’s total military spending in FY 2009.

The President’s FY 2009 budget request added \$6.8 billion for homeland defense. The budget for non-military foreign engagement, however—what we call the “prevention” budget—would actually decline by \$720 million.

DISAGGREGATING MILITARY FROM NON-MILITARY SECURITY FUNDING

These figures correspond roughly, but not exactly, to the federal budget categories of National Defense (050) and International Affairs (150). (Homeland security accounts are spread across several budget categories.)

We have adjusted the numbers to differentiate military from non-military spending more precisely than the existing budget categories do. The largest line item in the international affairs budget, Foreign Military Financing (FMF) actually funds military aid. And the largest non-military non-proliferation program, the Co-

operative Threat Reduction program (CTR), is funded through the Defense Department's budget. So we have moved items like these around to provide a more accurate (if still imperfect) accounting of the overall balance of military and non-military spending.

The "bottom lines" tell the big-picture story, including this one: The FY 2009 budget request would expand the gap between spending on military force vs. spending on prevention from a ratio of 16:1 to 18:1.

NEW TOOLS FOR UNIFIED SECURITY BUDGETING

In the past, this kind of overall picture of the security spending balance has been missing from the budget documentation that congressional decision-makers have to work with. The three categories of spending on offense, defense, and prevention have occupied separate categories in the budget, and are never brought together in one place so that the comparison is clear.

TABLE 1: MILITARY AND NONMILITARY SECURITY FUNDING*

	(figures in billions)	
	FY08 Congressional Appropriations	Administration's FY2009 Request
Military		
National defense (050 budget account)**	504.12	548.00
Plus 152 International security assistance	9.99	8.63
Less DoD and DoE nonproliferation	-1.76	-1.66
Less homeland security overlap	-5.25	-5.59
Military Total	507.11	549.38
Preventive		
international affairs (150 budget account)	39.47	38.44
Less 152 international security assistance	-9.99	-8.63
Plus DoD and DoE nonproliferation	1.72	1.26
Energy efficiency & renewable energy	1.76	1.66
Less homeland security overlap	1.96	2.47
Preventive Total	30.99	30.27
Homeland Security		
Homeland security (mission area)	61.81	68.48
Less national defense overlap	-16.65	-16.56
Homeland Security Total	45.16	51.91
Nonmilitary Security Total	76.15	82.18
<i>Memorandum:</i>		
Ratio of Military to Nonmilitary Security Funding	7:1	7:1
Ratio of Military to Preventive Security Funding	16:1	18:1
Ratio of Military to Homeland Security Funding	11:1	11:1
* Does not include war spending. Federal budget categories (050, 150 and Homeland Security Mission Area) are adjusted to better differentiate military from nonmilitary security spending.		
** Discretionary plus mandatory spending.		
Source: Analysis by Anita Dancs, National Priorities Project; Data from Budget of the U.S. Government Fiscal Year 2009, Office of Management and Budget.		

The Office of Management and Budget (OMB) has now begun including a line in the Federal Budget for “Security Spending.” This is progress, in the sense that the Unified Security Budget’s definition of the term, comprising spending on defense, homeland security and international affairs, is now part of official government terminology.⁸

But OMB presents only a single figure, incorporating spending on all three categories. So the relative balance among these categories remains obscured.

So the Congressional Budget Office (CBO) has stepped in to help. This year, at the request of the Senate Budget Committee, CBO has for the first time presented a version of this comparison, in the following figure included in its “Long-Term Implications of Current Defense Plans.” In this presentation, the relative balance is clear.

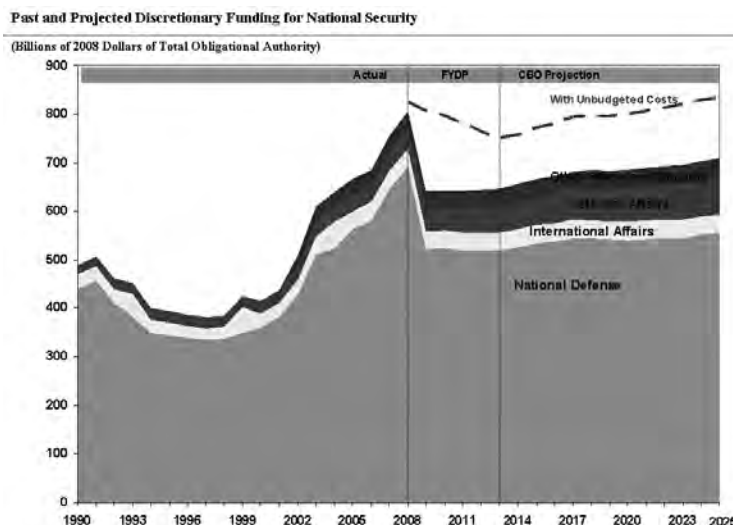
CBO’s presentation differs from ours in three ways:

- It adds a category for spending on Veterans Affairs. While we believe that providing for our veterans is an absolute national imperative, we do not consider these costs a direct contribution to our security, and therefore don’t include them as part of our Unified Security Budget;

- It follows the existing federal budget categories for National Defense and International Affairs, as well as the Office of Management and Budget’s compilation of homeland security spending “programs and activities,” excluding homeland security spending that is already captured by the other categories. The Unified Security Budget’s figures add the element of better differentiation of military from non-military security spending; and,
- It adds the supplemental appropriations funding the Wars in Iraq and Afghanistan to the baseline defense budget.

This last difference is one of two explanations for the graph’s depiction of a sharp peak in all categories in 2008. Since the wars are funded by “emergency” appropriations, they are not budgeted for in OMB projections for future years. In the dotted line section at the top representing “unbudgeted costs,” CBO has added a projection of these costs, combined with a projection of cost growth in weapons systems, based on historical trends since the Vietnam War. They estimate these unbudgeted costs at \$146 billion additional dollars per year through 2013. That is, they project the actual costs of carrying out the Bush administration’s national security programs during this period to be an average of 29% higher than the official projections from OMB.

FIGURE 3: DISCRETIONARY FUNDING FOR NATIONAL SECURITY



Source: Congressional Budget Office, “The Long-Term Implications of Current Defense Plans: Detailed Update for Fiscal Year 2008,” (March 2008). Available at: <http://www.cbo.gov/ftpdocs/90xx/doc9043/03-28-CurrentDefensePlans.pdf>

CBO promises further refinements of this initial presentation in the fall of 2008 and in future years.

FORCES OF RESISTANCE

To recap: This year, within a foreign policy establishment that rarely agrees on anything, a consensus has in fact emerged: the visibly extreme disparity between military and non-military security tools that the CBO has documented, and that this report has highlighted since 2004, must be dramatically narrowed. And despite the strong rhetorical support for doing so from the Secretary of Defense himself, this didn't happen. In fact, his own budget made the imbalance worse. Why?

Here are a few reasons:

THE POST-9/11 BLANK CHECK

In its first budget submission after taking office, the Bush administration began its escalation of the defense budget. Following the 9/11 attacks, they were able to send this escalation more steeply upward, even as the wars they launched were paid for by other means. During this time, the Administration expanded the baseline military budget, excluding war costs, by more than 30% in real terms. And Congress approved these budgets with barely a whisper of dissent.

This year there is discussion of ending the blank-check system of defense budgeting. "Senior Pentagon civilians and the top generals and admirals do not deny the challenge of sustaining military spending," according to a *New York Times* article on the 2009 budget request.⁹

EXPLOITATION OF SUPPLEMENTAL APPROPRIATIONS

The use of supplemental budgeting has grown exponentially in the last decade. A January 2008 report from the Government Accountability Office reported that from fiscal year 1997 through fiscal year 2006, supplementals provided approximately \$612 billion in new gross budget authority, a five-fold increase over the previous 10-year period. About 50% of total supplemental funding from 1997 to 2006 went to defense-related emergencies, whereas natural disasters received 28%, antiterrorism and other post-9/11 activities received 16%, and international humanitarian assistance received only 3%.¹⁰

A February 2008 CBO study found that growth in annual Iraq and Afghanistan war funding since 2001 can be explained by the Pentagon's increased reliance on using war funding supplemental bills to buy new equipment. Due to changes in its policy guidance, CBO concluded that the Defense Department is now using war supplemental funding to "replace damaged equipment with newer models, accelerate planned purchases of new systems, address emerging needs, and enhance the military's capability not only to continue current operations but also to be better prepared for the longer war on terrorism." As Center for Strategic and Budgetary Assessments analyst Steven Kosiak told the Senate Budget Committee in February 2007, "Such guidance amounts to, in effect, telling the services that they no longer need to find room in the regular annual defense budget to cover the full cost of their long-term plans." In the words of one Army budget planner, "It's a feeding frenzy...Using the supplemental budget, we're now buying the military we wish we had."¹¹

THE GDP BENCHMARK

The possibility of an end to the Iraq War has contributed to the anxiety at the Pentagon over how to accomplish this challenge of sustaining military spending. Congress has been passing "emergency" war supplemental appropriations with even less knowledge than usual about what is in them. They have increasingly become a convenient place for the Pentagon to hide money supplementing programs in the baseline budget that have nothing to do with fighting the war. As the FY 2009 budget request was released, the Pentagon's press secretary relayed that "The secretary [of Defense] believes that whenever we transition away from war supplementals, the Congress should dedicate 4% of our GDP to fund national security."¹²

The idea of increasing military spending to that arbitrary benchmark (it is more often cited as a floor—a minimum—rather than a goal for future spending levels) has been repeated with rote-like regularity during the past year in talk shows and in congressional hearings by senior military officials and numerous members of Congress. But other members are pushing back, preventing this benchmark from being included in the Budget Resolution outlining spending for 2009, and arguing that military spending should be tied to what is needed to address the threats we face, not to some arbitrary proportion of private as well as public national wealth.

RESET, FORCE EXPANSION

To the extent that those arguing for a GDP benchmark move beyond “we should spend it because we can” to “this is why we need to,” their case prominently features the need for increased spending, over current record levels, to “reset” a force that has been chewed up by the Iraq and Afghan Wars. Testimony before the House Armed Services Committee in February by the Center for Strategic and Budgetary Assessments (CSBA) pointed out that “In 2006 the Army—the service most heavily engaged in military operations—estimated that it needed some \$13 billion a year to cover reset (or ‘re-constitution’) costs.” Total costs might reach as much as \$30 billion over several years.

Yet in testimony before the House Armed Services Committee in February, Kosiak of the Center for Strategic and Budgetary Assessments observed that “the Services appear to have received (or be receiving) funds sufficient, or perhaps in excess, of those need to repair or replace all of the equipment that has been destroyed or worn out in Iraq and Afghanistan. Funding for reset also appears to have gone a long way toward eliminating equipment shortfalls for the Army and Marine Corps that pre-date our involvement in these conflicts.”¹³

The Congressional Budget Office has found that accumulated budgets for Army reset already exceed the total value of the Army’s equipment in Iraq, Afghanistan, and the surrounding theater.¹⁴

Recent emergency supplemental appropriations provided DOD with funds for reset at least a year before it might be needed.¹⁵

What about force expansion? The Congressional Budget Office estimates the cost of expanding the force by 92,000 troops over a nine-year period (the Unified Security Budget Task Force does not take a position on the need for doing so) at \$108 billion. This works out to about \$12 billion a year—hardly a pricetag commensurate with setting a GDP-based floor on military spending and adding tens of billions of dollars to annual defense budgets year after year, regardless of the level of military operations or the state of world affairs.¹⁶

THE REAL DRIVER

That leaves “force modernization.” The Government Accountability Office now estimates the cost of major weapons systems now in the pipeline at \$1.6 trillion—

double the figure projected for these systems in 2000. During this time, according to GAO, cost overruns in 95 major weapons systems have amounted to \$295 billion. During the post-9/11 “blank check” period, these overruns escalated from 6% of the budgeted costs to 26%.¹⁷

Why? Largely because the legislative and executive branches have complemented each other in abdicating their oversight responsibilities. Both have for years been accepting unrealistically low cost estimates from contractors, and then living comfortably with the budget-swelling consequences. The GAO says that “optimistic assumptions about system requirements and critical technologies” have produced bids that in some cases are 30 to 40% below current projections.¹⁸

In addition, as the budget has doubled, the number of auditors the Pentagon employs to keep track of it has actually shrunk. In 2000, the Defense Contract Audit Agency had 4,005 employees; by 2007 this number was down to 3,867. The Defense Department’s Inspector General found that of \$316 billion in weapons acquisition costs last year, only half had received “sufficient” auditing.¹⁹

...STILL OPERATING AT FULL POWER

In May, Secretary Gates “warned the military and its contractors...that expensive new conventional weapons must prove their value to current conflicts, marked by insurgency and terrorism, if they are to be included in further Pentagon budgets...Those comments,” said *The New York Times*, “are certain to alarm advocates of the newest generations of high-tech and high-cost weapons programs, in particular the Future Combat Systems program and the F-22, the Air Force’s advanced warplane.” The vast Future Combat Systems (FCS) program, for example, Gates said, “must continue to demonstrate its value for the types of irregular challenges we will face.”²⁰

Unfortunately Gates’ stern words on behalf of strict scrutiny of weapons purchases, and of redressing the imbalance of military and non-military security spending, did not have much impact on his own budget decisions. The FY 2009 defense budget he requested—the last budget he will be officially responsible for—did not eliminate any major weapons programs. It requested \$3.6 billion for the Future Combat Systems program; the previous year’s request was \$3.7 billion.

TABLE 2: ILLUSTRATIVE MILITARY AND NON-MILITARY TRADE-OFFS, FY 2009

\$110 Million	Buy one unit of the controversial V-22 Osprey program, which VP Cheney, as Defense Secretary, tried to end	or	Meet Task Force recommended increase for the International Atomic Energy Agency, to verify and monitor WMD stockpiles around the world
\$850 Million	Fund the planned increase over 2008 levels for the unneeded Virginia Class Submarine	or	Fulfill total U.S. shortfall to international organizations
\$3.6 Billion	Fully fund the vast Future Combat Systems Program, which Defense Sec. Gates has questioned	or	Fully fund past arrears and current requirements for U.S. contributions to international peacekeeping missions
\$350 Million	Buy one unit of the F-22A Raptor	or	Fill the 1,000 critically-needed positions in the diplomatic corps
\$2.4 Billion	Continue to purchase projected numbers of V-22 Osprey	or	Triple federal R&D funding for renewable energy and energy efficiency.
\$3.2 Billion	Fully fund the unneeded DDG-1000 Destroyer program.	or	Meet Task Force recommendations to increase funding for rail and transit security, allowing the US to fully implement the 17 baseline security action items developed by TSA and the Federal Transit Administration
\$1.4 Billion	Continue to fund the offensive space-based weapons program	or	Fund Task Force recommendation for upgrading chemical plant security
\$300 Million	Fund the Expeditionary Fighting Vehicle, which breaks down, is vulnerable to IEDs, and already has a functional successor	or	Fully fund the State Department's new Stabilization and Reconstruction (S/CRS) program
\$5 Billion	Fund two unneeded active Air Force wings and one carrier battle group	or	Fund Task Force recommended upgrades to Public Health Infrastructure
\$15.6 Billion	Reduce nuclear arsenal and eliminate Trident II nuclear missile	or	Increase development assistance by 60%

He is to be credited for his candor, though, about why this is so. Lamenting that the entire diplomatic corps, about 6,500 people, is smaller than the staff of a single aircraft carrier group, he pointed out that diplomacy “simply does not have the built-in, domestic constituency of defense programs. As an example,” he went on, “the F-22 aircraft [which he did shave this year by \$500 million, or nearly 11% in nominal terms] is produced by companies in 44 states; that’s 88 senators.”²¹

The build-and-tout-your-constituency approach to winning defense contracts is now being adopted more widely and more aggressively than ever. In Northrop Grumman’s fierce struggle with Boeing to be the lead builder of the Air Force’s new refueling tanker, it has upped the ante on the F-22. Its website has individual pages on the prospective economic benefits of the program to each of 49 states. That’s 98 senators.²²

Both presidential nominees have cited increasing spending on non-military foreign engagement as a key security measure. In July, John McCain said, “[Foreign aid] really needs to eliminate many of the breeding grounds for extremism, which is poverty, which is HIV/AIDS, which is all of these terrible conditions that make people totally dissatisfied and then look to extremism....” Around the same time Barack Obama said, “I know development assistance is not the most popular of programs, but as president, I will make the case to the American people that it can be our best investment in increasing the common security of the entire world and increasing our own security. That’s why I will double our foreign assistance to \$50 billion by 2012 and use it to support a stable future in failing states and sustainable growth in Africa, to halve global poverty and to roll back disease.” One of his top foreign policy advisors, Richard Danzig, a former Secretary of the Navy under President Clinton, said at the Democratic National Convention that one of Obama’s three guiding principles on foreign policy is that international security problems require the U.S. to use non-military tools.²³

Both candidates have also expressed an interest in reining in runaway military spending. In a campaign video from October 22, 2007, Obama committed to cut tens of billions of dollars in wasteful Pentagon spending including “unproven missile defense systems.” He committed not to weaponize space; to slow the development of Future Combat Systems; to create an independent defense priorities board to ensure that the Quadrennial Defense Review is not used to justify unnecessary spending; and to achieve deep cuts in the U.S.

nuclear arsenal. Furthermore, according to his website “an Obama administration will realize savings by reducing the corruption and cost overruns that have become all too routine in defense contracting.”

McCain’s site promises to “Reform Procurement Programs and Cut Wasteful Spending in Defense and Non-Defense Programs.”

He mentions only three: the C-17 Globemaster, which has already been cut; the Airborne Laser, and Future Combat Systems. He’s trying to win an election, and there’s that “constituency” problem Secretary Gates referred to.²⁴

This report will help the next president connect the dots between these two commitments to increase non-military foreign engagement and cut wasteful military spending. And it will help them identify the specific military cuts they will need to make to follow through on this commitment, and are currently, for the most part, reluctant to discuss.

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Rebalanced Security: Getting It Done

The previous section offered a brief tour of the obstacles in front of the task the foreign policy establishment now agrees must be a priority, namely rebalancing the resources allocated to military and non-military security tools. In this section we tackle the ways and means of overcoming these obstacles.

One is the “constituency” problem Secretary Gates referred to in noting that diplomacy “simply does not have the built-in, domestic constituency of defense programs.” Another obstacle is that the organizational structures, processes and tools in both the executive and legislative branches are poorly constituted to get this done. Here we offer suggestions for policy changes with both of these challenges in mind.

CHANGES IN THE EXECUTIVE OFFICE OF THE PRESIDENT

Mechanisms in the White House for top-down planning and resource allocation for security are largely lacking. Within the Executive Office of the President, three institutions share responsibility on security: the National Security Council (NSC), the Homeland Security Council (HSC), and the Office of Management and Budget (OMB). In theory, the HSC advises the president on homeland security matters while the NSC is concerned with international ones. Some of the tradeoffs considered in this report lie at the intersection of the two, however, and neither council is in a position to consider them fully. Moreover, neither the National Security Council nor the Homeland Security Council typically considers the costs of programs, which are OMB’s purview.

The Homeland Security Council was created in the weeks following the 9/11 attacks, and it lacks the public transparency and internal funding mechanisms of other parts of the Executive Office of the President. It is also understaffed in comparison with the National Security Council. Consolidating the staffs and responsibilities of the two councils into a single entity, as recommended in a 2008 report of the MIT Security Studies Program, could help to unify the nation’s approach to security.¹

No entity at the White House level currently has the capacity or the time to conduct integrated, long-term planning, risk assessment, and tradeoff studies, and to identify key long-term federal priorities constrained by realistic future fiscal guidance. Establishing across the NSC staff and OMB some small, new cohorts of specialists with the appropriate outlook and breadth of experience could allow the Executive Office of the President to consider the tradeoffs inherent in a unified security budget. The new teams could explore the tradeoffs involved in shifting resources as outlined here.

No official document currently links strategy and resources for U.S. security. The Executive Office of the President periodically prepares a national security strategy and a homeland security strategy that articulate policies at the top level, but those documents often list areas of effort with little regard to the resources involved. They also typically fall short in establishing priorities or in identifying tradeoffs among the various tools in the nation’s security portfolio.

A *Quadrennial National Security Review* (QNSR) could strengthen the links between strategies and budgets. A QNSR, conducted jointly by the NSC and OMB, would identify top-down security priorities within budgetary constraints. A QNSR would start with the administration’s overarching strategy; articulate a prioritized list of critical missions; and identify the major federal programs, infrastructure, and budget plan required to implement the strategy successfully.

The preparation of a biennial *National Security Planning Guidance* could facilitate the in-depth examination of the sorts of tradeoffs considered here. As recommended in the MIT Security Studies Program report, such guidance would be developed jointly by the NSC and OMB, and would provide detailed guidance for actions and programs within the multiple departments and agencies that contribute to U.S. security.²

Trying to conduct a single, exhaustive examination of all federal security-related programs would be an extremely complex endeavor. Instead, each successive National Security Planning Guidance might focus on resource tradeoffs and constraints across a few important areas, for example, countering nuclear terrorism.

CHANGES IN CONGRESS

Narrowing the gap between resources for military and non-military security tools will require a congressional budget process that allows the members to consider all forms of security spending, offensive, defensive, and preventive, as a whole, putting the national interest before parochial interests, and to bring our efforts in these areas in better balance with each other. Here we outline several possible avenues for reorganizing the process toward this end.

BUDGET DOCUMENTATION

The federal budget organizes spending on the military (primarily the 050 budget, also called the budget for national defense, which includes spending for nuclear weapons activities in the Department of Energy as well as the activities of the Department of Defense) international affairs (primarily the 150 budget) and homeland security (currently distributed among several categories—see below) in separate budget functions. Both the Office of Management and Budget and the Congressional Budget Office have taken initial steps to provide consolidated security budget information.

We recommend that OMB add a “*Unified Security Funding Analysis*” to the “Analytical Perspectives” volume of the federal budget, bringing together military, homeland security and international affairs spending in one place, and clearly differentiating them, to facilitate congressional consideration of overall security priorities among these categories.

The Congressional Budget Office should incorporate its own version of this analysis into its annual Budget and Economic Outlook report.

THE BUDGET PROCESS

In theory the Budget Resolution should be the place in Congress where overall security priorities are examined and set. In practice, this rarely happens. In 2006, the Budget Committees failed even to pass a resolution. In the years—such as the current one—when it does pass a resolution, appropriators frequently ignore its recommendations.

Spending decision-making on offensive, defensive, and preventive security domains is controlled by separate committees that rarely consult with each other

during key moments when budget levels are being set. The words “balkanized” and “stovepiped” are frequently and accurately applied to this process. Appropriations for national defense are handled by three separate subcommittees of the Appropriations Committee in each chamber. The Appropriations Committee in each chamber now has a subcommittee aligned to the Department of Homeland Security (DHS), but no appropriations subcommittee holds jurisdiction for the full panoply of federal homeland security activities. Homeland security is even more balkanized when it comes to the authorizing committees. The Senate’s Homeland Security and Governmental Affairs Committee and the House Committee on Homeland Security both hold jurisdiction for some aspects of homeland security, but scores of other committees and subcommittees retain responsibility for various activities within DHS and across the wider federal homeland security effort.

The new Democratic majority in Congress has shown openness to shaking up, or at least reexamining, organizational structures that have more to do with traditional power bases and power struggles than logic. It has demonstrated willingness in other areas to set up temporary select committees to shed light and propel action on key problems that merit extraordinary attention and cross traditional committee jurisdictions. The prime example is the Select Committee on Energy Independence and Global Warming.

This kind of medicine could be applied to the task of devising a way for Congress to take a unified approach to budgeting for security. A *Select Committee on National Security and International Affairs* could examine our overall security needs, and the best balance of available tools to achieve them. And it could be tasked with recommending possible changes in the committee structure that could build this kind of examination into the budget process.

The Bush administration’s Advisory Committee on Transformational Diplomacy recommended a version of the first of those two mandates: that the House and Senate Budget committees create a joint national security subcommittee whose purpose would be “to set spending targets across all major components of the U.S. national security establishment’s budget: defense, intelligence, homeland security, and foreign affairs/development/public diplomacy.”³

Select Committees, however, like the regular kind, are made up of members of Congress, all of whom are subjected to the pressures of special-interest lobbyists.

The most successful effort in recent memory to transcend those forces of parochialism in the service of a high-priority national purpose was the bipartisan 9/11 Commission, made up of a balance of members affiliated with both parties, but excluding current Representatives and Senators. In addition to producing an unusually eloquent report, its virtues included the willingness of many of its members to stay with the process to monitor and advocate for its implementation. Congress could authorize a *Commission on Budgeting for National Security and International Affairs*, comprised of similarly committed members, to examine the current balkanized budget process, and recommend a restructuring that would enable decision-making on security that more effectively considers the overall balance of security tools, and puts the national interest over parochial interests.

One other successful model for the functioning of a Commission deserves mention here. Congress authorized the Defense Base Closure and Realignment Commission (BRAC) in 1988 to manage the process of realigning and downsizing the structure of military bases for the post-Cold War environment. The concern was to devise a process that took politics and narrow economic interests out of the decision-making as much as possible. As with the 9/11 Commission, members have been chosen by Congress and the President to balance party affiliations, but exclude current Senators and Representatives. Members from time to time have recused themselves from decisions on bases in their home states. The Commission operates according to certified data and explicit criteria, foremost among them “current and future mission capabilities and the impact on operational readiness of the total force.”⁴

Unlike the 9/11 Commission and most others, the BRAC has been authorized to reexamine its decisions and make new ones periodically, and has done so successfully three times since its initial convening. This could be a useful additional feature of a Commission on Budgeting for National Security and International Affairs. It could be authorized to reconvene to evaluate how its recommendations for improvements to the budget process have been implemented, how the new processes are functioning in practice, and what further changes might be needed.

Of particular value in addressing the “constituency” problem that favors military over other kinds of security spending is a recommendation from the Straus Military Reform Project at the Center for Defense Information for an *independent panel to review the procurement bud-*

get every year. Membership would exclude both current and retired military officers who have any financial ties to defense corporations or reserve the right to forge such ties in the future. Their deliberations would be guided by estimates from CBO for the costs of each system, past, present and future. Secretary Gates is said to be mulling the possibility of creating such a review panel, and Senator Obama has endorsed a version of the proposal.⁵

A former head of legislative affairs for the National Security Council, William Danvers, has offered another proposal for an ongoing structure that could help Congress work in a more unified way on overall priorities for security policy and budgeting. To alleviate the problem of “stovepiped” committees operating independently of each other, he recommended that each party set up its own national security council, analogous to the one serving the executive branch. These *congressional national security councils* would be made up of the chairs or ranking members of the armed services, international affairs, intelligence, appropriations and homeland security committees, and coordinated by a party national security advisor. The two councils could also be brought together from time to time to coordinate their work.⁶

A 2007 report from the Stanley Foundation recommends that the foreign affairs authorizing and appropriations committees “reassert a role in the program and budget process,” by holding joint hearings with their defense counterparts. A Unified Security Funding Analysis incorporated into the Budget’s Analytical Perspectives volume would greatly facilitate the work of these *joint foreign affairs and defense authorization and appropriations hearings.*⁷

To ensure that the executive branch considers broad tradeoffs of the sort inherent in a unified security budget, Congress should mandate that the executive branch conduct a Quadrennial National Security Review (QNSR) and prepare a biannual National Security Planning Guidance, and that the report of the QNSR be made available to Congress and the public.

While the administration conducts the QNSR, the Congressional Research Service could be called upon to provide lawmakers with a report on the issues for congressional consideration the QNSR report is likely to raise. The CBO could be asked to assess the QNSR document after it is submitted to Congress. Joint hearings on the QNSR would help the Congress as it considers a unified security budget.

Finally, to strengthen the State Department's presence on Capitol Hill, balancing the military's high profile there, Congress should work to increase the number of Foreign Service Officers assigned to congressional staff details as Congressional Fellows.

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Rebalance Security: Military Spending Cuts

Below we outline \$61 billion in potential budget savings. They would be achieved primarily by eliminating weapons systems designed to deal with threats from a bygone era—weapons and programs that are not useful in defending our country from the threats we now face.

These savings would be made in the following categories:

- About \$25 billion would be saved by reducing the nuclear arsenal to no more than 1,000 warheads, more than enough to maintain nuclear deterrence, keeping National Missile Defense in a research mode and stopping the weaponization of space;
- Another \$24 billion would be saved by scaling back or stopping the research, development, and construction, of weapons that are useless to combat modern threats. Many of the weapons involved, such as the F-22 fighter jet and the DDG-1000 Destroyer, were designed to fight Cold War threats;
- About \$5 billion would be saved by eliminating a small number of conventional forces, including two active Air Force wings and one carrier group, that are not needed in the current geopolitical environment; and,
- About \$7 billion would be saved if the giant Pentagon bureaucracy simply functioned in a more efficient manner and eliminated many of the nearly 3,000 earmarks in the defense budget.

If Congress and the President were to make these cuts, not only would they have more money to spend on other priorities, but they would also make our military stronger, allowing our troops to focus on the weapons, training, and tactics they need to do their jobs and defend our nation.

THE FY 2009 DEFENSE BUDGET REQUEST

The Pentagon asked Congress for \$518 billion for its regular budget, excluding war spending, for FY 2009,

and would like to spend about \$2.6 trillion over the next five years. However, the \$518 billion excludes about \$30 billion sought for nuclear weapons programs and other defense programs managed by non-defense agencies. Thus, the total defense budget request of the Bush administration for FY 2009, excluding spending on the wars in Iraq and Afghanistan, is \$548 billion. The FY 2009 budget request is about \$37 billion, or 9%, more than was allocated in 2008, about \$220 billion higher than the budget President Bush inherited from President Clinton, and \$5 billion more than the Bush administration estimated that it would need in the regular defense budget a year ago.

In the 2009 regular budget, \$149 billion (about 29%) will be spent on the pay and benefits of 2.2 million active duty and reserve military personnel. (The pay of a reservist who is mobilized or called to active duty, as more than 500,000 have been since September 11, is funded in the supplemental appropriation.) The Pentagon will spend \$158 billion, or 31% of its budget, on routine operating and maintenance costs for its 21 Army and Marine active and reserve ground divisions, 11 Navy carrier battle groups, and 31 Air Force, Navy and Marine air wings. Included in this Operations and Maintenance budget is the lion's share of healthcare costs for service personnel and their families, as well as pay and benefits for the approximately 700,000 civilians and the more than 100,000 private contractors employed by the Department of Defense. (The operations and maintenance costs of the forces in Iraq are also covered in the supplemental appropriation.)

Another \$184 billion, or 35% of the budget, goes for new investment. This is broken down into \$104 billion for buying new planes and ships and tanks and \$80 billion for doing research and developing and testing new weapons. \$24 billion is spent for building the facilities for the troops and their equipment.

The vast majority of the final 5%, or \$30 billion, will be spent by the Department of Energy on maintaining and safeguarding the 10,000 nuclear weapons in our inventory, and cleanup of contamination and pollution from past production.

As indicated in Table 3 on page 22, this baseline or regular defense budget can be reduced by about \$61 billion to \$456 billion or by 12% without jeopardizing

national security. In addition, we will show how to save another \$10 billion by having the Pentagon ask Congress for a rescission or a refund on money that has been appropriated but not spent on weapons systems that we are proposing to cancel.

Our proposed reductions would come primarily in four areas: nuclear forces; Cold War-era conventional weapons systems; small reductions in Air Force and Navy force structure; and eliminating some of the waste and inefficiency in the Pentagon. In making these recommendations, we are drawing on analysis done by the Congressional Budget Office, the General Accounting Office, an analysis of the FY 2009 budget request done by the Center for Strategic and Budgetary Assessments, and reports by the Center for Defense Information on the FY 2009 budget.

F-22 RAPTOR—Suspend acquisition and divert a percentage of current funding (\$4.1 billion) into refitting pre-existing aircraft with electronic warfare technology, generating \$3.8 billion in savings.

The Raptor is an expensive weapon in search of a mission. At \$339 million per plane for 183 of them, it is the most expensive fighter plane ever built. It's particularly wasteful in light of the fact that its original purpose—to contend with a Soviet aircraft that was never built—is irrelevant. Costs per aircraft have more than doubled since its original conception, as the Air Force struggles with chronic underestimations of the cost, and continues to re-invent the Raptor for missions it was never meant to undertake. The end result is an aircraft too heavy to serve as a next generation fighter plane, too large to be considered stealthy, and too small to carry

TABLE 3: MILITARY SPENDING CUTS

(figures in billions)	Administration's FY 2008 Request	Task Force's Proposed Change
F/A-22 Raptor	4.1	-3.8
Ballistic Missile Defense	10.5	-8.1
Virginia-Class Submarine	3.6	-2.5
DDG-1000	3.2	-3.2
V-22 Osprey	3.5	-3.0
Expeditionary Fighting Vehicle (EFV)	0.3	-0.3
F35 Joint Strike Fighter	6.7	-3.7
Offensive Space Weapons	1.5	-1.4
Future Combat Systems	3.6	-2.1
Research & Development	80.0	-5.0
Nuclear Forces	21.0	-15.6
Force Structure	-	-5.0
Waste in Procurement and Business Operations	-	-7.0
Total		-60.7

more than half the payload of the existing F-117 stealth bomber.

The government should close the production line, suspend acquisition plans for this operationally inconsistent aircraft, and divert a small percentage of current funding (\$4.1 billion) into refitting the F-16 or A-10 with enhanced electronic warfare (EW) technology, thereby creating \$3.8 billion in savings. This would still leave the Air Force with 163 of these planes or about six squadrons, more than enough to deal with a future competitor like China that might develop a significant air combat capability.

Another \$5 billion could be saved with a rescission of funds appropriated in the previous year for the program that remain unspent.

NATIONAL MISSILE DEFENSE—*Cease further Missile Defense development but retain a basic technology program to determine if NMD is technically feasible, generating \$8.1 billion in savings.*

The Missile Defense program remains one of the least justifiable military programs. According to its own figures, the Pentagon has spent well in excess of \$150 billion on the program since Ronald Reagan's 1983 "Star Wars" speech, with little to show for the expense. The Ground-based Missile Defense (GMD) has failed in six out of 13 tests since 1999, and none of these tests have been conducted under anything approaching realistic conditions. Despite this poor record, the Bush administration has already placed 25 missile interceptors at launch sites in Alaska and California. Moreover, 12 additional ground-based interceptors were scheduled to be deployed by the end of 2007 and the program is forecasted to receive \$8.9 billion in FY 2009, plus another \$2.3 billion for the Space-based Infrared Radar System (SBIRS) and \$1 billion for the Army's Patriot Advanced Capability program (PAC-3). Instead of deploying these missiles, the government should retain a basic research program to determine if National Missile Defense is practically feasible, generating \$8.1 billion in savings.

DDG-1000—*Cancel the DDG-1000 Zumwalt Class Destroyer program.*

This destroyer, conceived as the Soviet Union crumbled in 1991, is another mismanaged weapon ill-suited for today's threats. Cost growth and technical problems have slashed the original projected procurement goal of 32 ships to just two. With no primary open-ocean

mission that a DDG-51 Arleigh Burke class destroyer could not effectively perform, the justification for continuing the DDG-1000 rests on its unproven "precision" Long Range Land Attack Projectile and its use to validate concepts for inclusion in other programs such as the next-generation cruiser and the Littoral Combat Ship, the latter a less costly alternative to DDG-1000 for anticipated close-in missions. With the first two ships expected to cost from \$3.6 to \$5 billion each (the original per-unit cost was estimated at \$750 million) the DDG-51 is a better alternative. The last DDG-51 will be launched in 2008 and the Navy is preparing a program to upgrade existing DDG-51 destroyers along with their Aegis cruisers.

SSN-744 VIRGINIA CLASS SUBMARINE—*Cancel eleventh vessel and advance procurement for a twelfth boat, saving \$3.6 billion and end the program altogether.¹*

Perhaps even more than the DDG-1000, the Virginia class SSN-774 program is a weapon looking for an enemy. Some administration officials, citing the methodical modernization of Beijing's military, are trying to build-up the People's Republic of China as the new "superpower" that will challenge the United States. As yet there is no credible, consistent evidence supporting this view. This mission can be handled quite well and without challenge by the SSN-688 Los Angeles-class fleet. In fact, the House of Representatives has directed the Navy to conduct a study on extending by five years the life of the Los Angeles class in order to retain about 50 of these in the fleet.

Other missions that have been touted for the SSN-774 include the covert intelligence collection, the insertion and recovery of special operations teams, and the launch of tactical Tomahawk missiles. They all can be better handled by the four SSBN Ohio-class submarines converted to SSGN configuration or by other surface ships. Should operational requirements for these missions exceed the ability of the current SSGN fleet, as many as four additional SSBNs could be converted to SSGNs, leaving 10 Ohio-class boats as part of the strategic deterrent force, more than enough to provide the recommended 600 operational nuclear weapons.

V-22 OSPREY—*Cancel the program and buy an equivalent number of H-92 and CH-53 aircraft, generating \$2.4 billion in savings.*

From its inception, the V-22 Osprey has been beset by safety, technical, and cost problems. It was grounded

once again in February 2007. The Pentagon began development of the Osprey, which takes off and lands like a helicopter and once airborne, flies like a plane, in the mid-1980s. It was originally supposed to be a joint service program, but the Army dropped support for the program in the late 1980s. In 1991, Dick Cheney (then secretary of Defense) called the program a turkey and canceled it because of cost concerns and continuing technical problems.

Cheney's decision was overridden by Congress, and with the support of Presidents Bill Clinton and George W. Bush, the program has survived. But in the past 25 years development of the V-22 has resulted in 30 deaths, and despite the expenditure of about \$25 billion, it is nearly 15 years behind schedule. Finally, the estimated cost of the program has risen from about \$30 billion to over \$50 billion.

Under current plans, the Pentagon intends to buy 458 of these aircraft at a cost of over \$110 million for each helicopter. That's nearly three times more than the original estimate and assumes that the Pentagon can get costs under control and solve the technical problems. Even if this unlikely scenario comes to pass, the Osprey would be only marginally more capable than existing helicopters in terms of speed range and payload, yet cost at least five times as much. Halting production of the V-22 and buying an equivalent number of existing helicopters like the H-92 and CH-53 will save \$3 billion in 2009 and \$10 billion over the next five years and leave the Marines with more than 80 of the V-22 hybrids. And the Pentagon could save another \$5 billion by asking for a rescission on the funds appropriated but not allocated for the Osprey.

EXPEDITIONARY FIGHTING VEHICLE—*Cancel the Expeditionary Fighting Vehicle (EFV) program.*

The Bush administration requested \$316.1 million for the EFV in FY 2009, a \$68.9 million increase over its FY 2008 request. Originally conceived in 1995, the EFV was supposed to be a high-speed amphibious assault vehicle. It was intended to speed Marines from ship to shore at 25 knots and then travel overland at 45 miles an hour. What has been produced so far is a vehicle that breaks down every eight hours on average, is unpredictable to steer in the water, and has more than doubled in price from \$12.3 million to \$26.9 million per vehicle.

Events on the ground in Iraq and Afghanistan have overtaken the need for the EFV. The flat hull that en-

ables it to skim over the water also makes it extremely vulnerable to Improvised Explosive Devices (IEDs), one of the deadliest threats facing U.S. soldiers in Iraq. To meet this threat, the United States has rapidly built an impressive fleet of Mine Resistant Ambush Protected vehicles (MRAPs) that are specifically designed to protect against IEDs. Indeed, MRAPs have proven themselves safer than not only the Humvee, but over twice as safe as the sturdy Abrams tank. With 14,000 vehicles worth \$22 billion already on order that provide this superior level of force protection, MRAPs have supplanted EFVs as the vehicle of choice for Marines operating in Iraq and Afghanistan.

With a price tag now topping \$15.9 billion (up from \$8.7 billion), and with the first deliveries delayed until 2015, this program should be cancelled.

F-35 JOINT STRIKE FIGHTER—*Slow down the program, cutting procurement from \$6.7 billion to \$3 billion, saving \$3.7 billion.*

The F-35 joint strike fighter (JSF) is an ambitious program to build three related but slightly different aircraft for the Air Force, Navy, and Marine Corps. Current plans call for building 2,458 planes at a total cost of \$256 billion, or slightly more than \$100 million per plane.

This aircraft should be built, especially if further production of the F/A 22 Raptor is stopped. It is more cost-effective to produce the new Joint Strike Fighter platform than to upgrade older systems, which by 2010 will need to be replaced. Moreover, since all of these variants use common parts and are manufactured on a single and large-scale production line, it is more affordable than allowing each of the services to develop its own unique aircraft. Finally, since so many allied countries are willing to purchase the fighter, the joint strike fighter will improve the ability of the United States to use military power in conjunction with allied forces and will lower the unit cost of these fighter jets for the U.S. military.

However, given the technological challenges of trying to build three fairly different planes from one design, the program should not be rushed. This country's overwhelming numerical and qualitative advantage in tactical aircraft will not soon be challenged. Therefore, the Joint Strike Fighter program can afford to be slowed down and reduced from the requested \$6.1 billion in FY 2008 to \$3 billion, especially since the Iraq and Afghan war budget supplemental bill also contains funding for the F-35.

OFFENSIVE SPACE-BASED WEAPONS—*Cancel this unproven, controversial, and ineffective program to yield \$1.4 billion in savings.*

According to a national security directive promulgated on August 21, 2006 the development and deployment of space-based weaponry continues to be a high priority for the Bush administration. Development of such weaponry significantly expands U.S. military superiority. Our conventional and nuclear weapons are already capable of destroying any of the ground targets that space-based weapons would and can do at a fraction of the cost. Moreover, the development invites escalation of the global arms race to a new level. Offensive military space-based technology should remain in the research and development phase. The estimated \$1.5 billion in funding suggested in FY 2009 should be pared to \$100 million.

FUTURE COMBAT SYSTEM—*Slow the program down and save \$2.1 billion.*

The Future Combat System (FCS) is an Army program to build a family of 18 major systems including eight new types of armored vehicles, four classes of unmanned aerial

vehicles, three types of unmanned ground vehicles, and sensors that will be linked together into an integrated and very complex system. The Army intends to begin equipping its brigade combat teams with the future combat system in 2011 and eventually will equip 15 of its 48 planned brigades at a cost of at least \$164 billion.

The Future Combat System is necessary for the Army because it will make many of its units more deployable, lethal and survivable. However, its current schedule is far too ambitious given the complexity of the program. Of the network of 53 crucial technologies, 52 are unproven. Therefore the \$3.6 billion requested for FY 2009 should be reduced to \$1.5 billion.

NUCLEAR FORCES—*Reduce arsenal to 600 deployed weapons and 400 in reserve and eliminate the Trident II nuclear missile, generating \$15.6 billion in savings.*

For the upcoming fiscal year, the Bush administration proposes to spend nearly \$21 billion on operating, maintaining, and modernizing its strategic and tactical nuclear forces. About \$11 billion a year will go to operating, maintaining and modernizing the bombers, sub-

marines, and missiles that carry the 5,250 operational nuclear weapons in the U.S. arsenal, with the remaining \$6.5 billion going towards maintaining the warheads. During the Cold War, the United States spent less than \$4 billion a year on average on these nuclear weapons activities. Reducing the weapons activities budget to its Cold War level by shifting to a deployed arsenal of 600 operational warheads with another 400 in reserve—an arsenal fully capable of deterring known threats and hedging against unforeseen contingencies—would generate \$14.5 billion in savings. Eliminating funding in this year's budget for the Trident II nuclear missile—an unnecessary weapon, given the availability of other strategic delivery vehicles—would save an additional \$1.1 billion.

RESEARCH, DEVELOPMENT, TEST AND EVALUATION—*Reduce RDT&E from \$80 to \$75 billion, saving \$5 billion.*

In today's dollars, the Pentagon spent \$51 billion on research, development, test and evaluation (RDT&E) in the 2001 fiscal year. For FY 2009, this budget has jumped to \$80 billion. In real terms, this is an increase of over 50% and is \$20 billion more than the Department of Defense spent on RDT&E in FY 1985, the peak of the Reagan buildup.

Such a large amount for developing sophisticated futuristic weapons is hard to justify for fighting the global war on terrorism. This amount can easily be reduced by \$5 billion in FY 2009. This is in addition to the cuts in the specific systems listed above.

FORCE STRUCTURE—*Cut two active component air wings and one carrier battle group and its associated air wing for an annual savings of \$5 billion.*

The so-called "war on terrorism" has been waged primarily by the ground forces of the Army and Marines. In the more than five years our military has been in Iraq and the seven years in Afghanistan, the Air Force and Navy have played relatively minor roles. There are relatively few fixed targets in Afghanistan and the bombing campaign in Iraq lasted but three weeks.

At the present time the Air Force, Navy and Marine Corps have more than 5,000 tactical combat planes and 1,800 armed helicopters. It is hard to imagine a scenario that would require such large numbers of aircraft. Therefore, two active Air Force wings and one carrier battle group and its associated air wing can be eliminated without straining our forces. The annual costs of

operating and maintaining the two wings and the carrier battle group amount to at least \$5 billion.

WASTE AND INEFFICIENCY—*Eliminate waste and duplication, saving \$7 billion.*

Former Secretary of Defense Rumsfeld estimated that more than \$20 billion a year could be saved by fixing procurement and business operations. The Government Accountability Office and the Congressional Budget Office estimate that \$1 billion a year could be saved by consolidating various activities. Senator and Republican presidential nominee John McCain (R-AZ) estimates that there are several billion dollars worth of earmarks (a.k.a. pork) in the annual defense budget. In the FY 2007 budget alone, there were 2,822 earmarks totaling \$15 billion, up from \$11.2 billion the year before. Our realistic Unified Security Budget would ask the Pentagon to save \$7 billion a year by eliminating waste and duplication.²

ENDNOTES

- 1 National Academy of Sciences, *The Future of Nuclear Weapons Policy* (Washington, DC: National Academies Press, 1997).
- 2 Jeffrey M. Tebbs, "Pruning the Defense Budget," Brookings Institution, January 2007.

Rebalanced Security: Neglected Security Tools

These savings need to be shifted to fund key priorities in non-military foreign engagement and homeland security. The Task Force's recommendations are as follows:

DIPLOMACY

RECOMMENDATION—Add \$500 million to fully fund the expansion of the diplomatic corps and to support its activities, \$200 million for critically-needed refugee assistance, and \$50 million to the account for Educational and Cultural Programs.

Maintaining the diplomatic budget at essentially its FY 2008 level will not allow us to address serious shortfalls that have existed for years. From the 1980s through the end of the 1990s, the international affairs budget was reduced dramatically in real terms, compromising the ability of the United States to provide leadership through diplomatic means. In many parts of the world, the United States is perceived, rightly or not, as a nation inclined to use brute force rather than diplomacy and cooperation to achieve its objectives. An increase in the diplomatic budget will be needed over the next several years to restore America's capacity for real world leadership.

Though the overall budget for the administration of foreign affairs is increased from the FY 2008 current estimate by about 9% (\$8.1 billion vs. \$7.4 billion), within this line item, funding for diplomatic and consular programs—the core operating budget for embassies and other missions—has been increased by less than 1%, from \$5.3 billion to \$5.4 billion. This is not enough to even keep pace with inflation, much less expand diplomatic activities. The budget justification speaks of funding “additional positions and enhanced training to pursue diplomatic solutions to national security issues,” though it is unclear how an essentially flat line budget would fund such positions. As a result, the staffing of necessary positions in Iraq, Afghanistan, and other hardship posts will likely require continued reassignment of Foreign Service officers from other posts.¹

Here is the view of the American Foreign Service Association (AFSA), essentially the union representing the interests of all U.S. Foreign Service officers, on this issue:

“Since the 2003 invasion of Iraq, staffing demands on the Foreign Service have soared: 300 positions in Iraq, 150 positions in Afghanistan, 40 positions in the State Department's office to coordinate reconstruction efforts, 100+ training positions to increase the number of Arabic speakers, and 280 new positions in areas of emerging importance such as China and India.”

- Despite those urgent staffing needs, Congress since 2003 has turned down all State Department requests for additional positions (totaling 709 positions), except those earmarked for consular affairs and diplomatic security.
- As a result, literally hundreds of Foreign Service positions are vacant. Some 12% of overseas Foreign Service positions (excluding Iraq and Afghanistan) are now vacant, as are 33% of domestic Foreign Service positions. Furthermore, 19% of the filled slots are held by employees “stretched” into a position designated for a more experienced person.
- The State Department calculates that the Foreign Service is short 1,015 positions for overseas and domestic assignments and is short 1,079 positions for training and temporary needs—this out of a total staffing of just 11,500.
- These shortfalls in staffing and operating expenses are reducing the effectiveness of U.S. diplomacy in building and sustaining a more democratic, secure and prosperous world for the benefit of the American people and international community.

The Bush administration agrees. Secretary of Defense Robert Gates said in a November 26, 2007 speech at Kansas State University:

“The Department of Defense has taken on many ... burdens that might have been assumed by civilian agencies in the past ... [The military has] done an admirable job ... but it is no replacement for the real thing—civilian involvement and expertise ... Funding for

TABLE 4: NON-MILITARY SECURITY TOOLS

(figures in billions)	Administration's FY 2009 Request	Task Force's Proposed Change
Diplomacy	5.36	+0.75
Nonproliferation	1.20	+0.62
Stabilization and Reconstruction Peace Corps	0.25	+0.10
Economic Development	26.30	+25.00
U.S. Contributions to International Organizations	1.53	+1.10
U.S. Contributions to International Peacekeeping	1.5	+2.40
UN Peace Building	0.0	+0.50
UN Emergency Peace Service	.23	+0.54
U.S. Bilateral Peacekeeping Operations	.25	+0.10
U.S. Institute for Peace	0.03	+0.05
Alternative Energy	1.23	+17.34
Key Homeland Security Deficits:		
HHS Public Health Infrastructure/Workforce Capacity	1.04	+5.00
Port Security	0.21	+0.19
Pandemic Flu Preparedness	0.82	+0.38
Rail and Transit	0.18	+3.33
CDC Infectious Disease Control/Global Health	0.49	+0.51
In-line Airport Checked Bag Screening	0.77	+1.20
Coast Guard Homeland Security Operations	2.59	+0.40
Surface Transportation Inspectors/Canine Teams	0.03	+0.03
Chemical Sector Security	0.06	+1.44
Nuclear Plant Security	0	+0.70
DHS First Responder Grants	1.24	+3.76
Transportation Security Training	n/a	+0.10
TOTAL		+64.82

non-military foreign-affairs programs ... remains disproportionately small relative to what we spend on the military ... There is a need for a dramatic increase in spending on the civilian instruments of national security—diplomacy, strategic communications, foreign assistance, civic action, and economic reconstruction and development ... We must focus our energies beyond the guns and steel of the military ... Indeed, having robust civilian capabilities available could make it less likely that military force will have to be used in the first place, as local problems might be dealt with before they become crises.”²

Secretary of State Condoleezza Rice’s Advisory Committee on Transformational Diplomacy issued its report early this year. It included the observation that: “Today the Department of State faces shortfalls in critical resources, forcing it regularly to borrow staff and funds from some programs to meet the needs of others.” The report goes on to recommend that the number of deployable State Department Foreign Service Officers be doubled over the next 10 years.³

The Bush administration has, in recent testimony before Congress, stated its intention to fund 1,000 or more new Foreign Service positions. This intention is commendable. However, its proposed FY 2009 budget does not appear to include the resources to meet more than a small fraction of that goal, unless significant amounts of money are moved from other accounts or a large supplemental spending bill is envisioned. The Unified Security Budget Task Force believes that adequate additional funding should be provided in the FY 2009 budget to fully fund at least this number of new positions.

Also included within the Diplomatic and Consular Programs budget in Bush’s FY 2009 request is \$395 million for Public Diplomacy programs, which are designed to “influence foreign opinion and gain support for US foreign policy goals.” An increase in funding is provided to “support focused efforts to combat violent extremism in strategic countries.” Such programs can serve a useful purpose, and certainly it is more appropriate to establish them within the State Department budget than in the Defense Department, where a number of dubious programs were set up to help increase support internationally for the Iraq War. It is important to note, though, that no amount of enhanced public diplomacy will be successful in selling policies which much of the rest of the world views as fundamentally

flawed and detrimental to their interests.

Bush’s FY 2009 request would increase the budget for Embassy Security, Construction, and Maintenance by almost 13% (\$1.8 billion vs. \$1.6 billion in FY 2008). A number of studies have suggested that the aging infrastructure of a number of our embassies and their security vulnerabilities are problems which need to be urgently addressed. While this increase is a step in the right direction, it is important that these funds not be used overwhelmingly for the continued expansion and maintenance of the huge diplomatic compound in Baghdad (the so-called “Green Zone”). Although a well-equipped and secure embassy is necessary there, it should in the long run be of moderate size, and much of the current Green Zone area should eventually be turned over to the Iraqi Government. Continuing to use an overwhelming share of the Security, Construction, and Maintenance account for Baghdad may short-change necessary upgrades in other U.S. embassies.

The Task Force is concerned that the Migration and Refugee Assistance account is cut, from an estimated \$1 billion in FY 2008 to \$764 million in the FY 2009 request, about 25%. This account funds contributions to international organizations and non-governmental organizations to provide humanitarian assistance and resettlement support for refugees and conflict victims around the world. Although the budget proposal acknowledges the likelihood of an FY 2009 supplemental request in this area (largely related to Iraq and Afghanistan), we believe that a higher, more realistic budget figure from the beginning of the year would more effectively address these important ongoing requirements. As such, the Unified Security Budget Task Force supports an initial increase of \$200 million for the Migration and Refugee Assistance account.

The FY 2009 budget provides a modest increase in funding for educational and cultural exchange programs, of about 4%. At a time when much of the world views U.S. policy as increasingly unilateral and militarized, such programs have always shown America’s best side, and have borne dividends in the creation of goodwill well in excess of their modest cost. The Unified Security Budget Task Force believes that a further increase of \$50 million for these programs would be an appropriate investment in improving our image worldwide.

It further believes that an increase in the Diplomatic and Consular Programs budget of \$500 million, or about 10%, over FY 2008 levels, would allow for the full funding of the 1,000 plus State Department For-

eign Service positions identified as an immediate shortfall, plus the filling of several hundred critical positions in the U.S. Agency for International Development's foreign service, as well as increased operating costs to support the activities of a larger diplomatic corps.

STABILIZATION AND RECONSTRUCTION

RECOMMENDATION—*Increase startup funding by \$100 million.*

The most significant improvement in the Bush administration's FY 2009 request is the proposal for almost \$249 million for the Civilian Stabilization Initiative (CSI). This would finally fund the creation, training, equipping, and deployment of the Civilian Response Corps, which was envisioned when the Office of the Special Coordinator for Reconstruction and Stabilization (S/CRS) was established in 2004. The S/CRS concept grew out of the realization that ad hoc organizations set up under the Defense Department for the Iraq operation, such as the Office of Reconstruction and Humanitarian Assistance (ORHA) and the Coalition Provisional Authority (CPA) were not up to the task. Since then, S/CRS has been something of a political football, praised rhetorically but never adequately funded, often relying on funds transferred from the Defense Department.

Chronic underinvestment in U.S. civilian capacity has contributed to steady mission creep in the military. The nation's troops regularly perform an array of functions that fall outside of traditional military training or skill sets, including rebuilding infrastructure, mediating disputes, and identifying reconstruction priorities.

The Civilian Stabilization Initiative, if funded in FY 2009, can go a long way toward transitioning the responsibility for political and economic reconstruction from the Department of Defense to the State Department, where it belongs. Rice's Advisory Committee on Transformational Diplomacy recognizes the importance of this concept, when it calls for enhanced reconstruction and stabilization capabilities:

“In cases of war, ethnic conflict, failed governments, and natural disaster, the United States will continue to be faced with the challenge of reconstructing and stabilizing shattered societies. The Committee believes that the Department of State should establish clear, senior-level responsibility and interagency authority for all

reconstruction and stabilization activities. It should have the capacity to develop anticipatory response plans that integrate the resources of the agencies and departments of the U.S. government, partner nations, international organizations, and other non-state actors. In addition, the Department should establish both a standing and reserve cadre of reconstruction and stabilization professionals that can be deployed in a timely manner to respond to disasters and work to mitigate the effects of political, economic, and social instability.”⁴

While the Unified Security Budget Task Force applauds the creation and funding of this initiative, it is important to emphasize that this capability needs to be available for, and applied to, ongoing crises in failed states worldwide, rather than used as an adjunct of future regime changes, along the lines of the Iraq operation.

In 2005, a Council on Foreign Relations Task Force on “Improving U.S. Post Conflict Capabilities” recommended that a \$500 million replenishing, no-year account be established to develop the Office of the Special Coordinator for Reconstruction and Stabilization's response capabilities.⁵

Along those lines, and in light of the past underfunding of Stabilization and Reconstruction activities, we recommend that another \$100 million be added to this area for FY 2009, above the \$249 million already requested by the Bush administration.

NON-PROLIFERATION

RECOMMENDATION—*Increase funding for key programs by \$615 million.*

Bush's FY 2009 budget request increases funding, over last year's request, for certain programs. But it has failed to give nonproliferation issues overall either sufficient investment or political priority. At the same time the Bush administration has continued to seek funding for programs that undermine nuclear non-proliferation efforts, including initiatives to develop new nuclear warheads and resume nuclear spent fuel reprocessing.

Congress appears likely to fund nearly all of the budget this year with an omnibus continuing resolution at least until February 2009. Therefore, most of the non-proliferation programs will receive funding at the FY

2008 appropriations levels. It is also uncertain whether Congress will vote on a separate FY 2009 Defense Appropriations bill.

The Departments of Defense, Energy, and State receive funding for non-proliferation and threat reduction programs.

The total stated amount for non-proliferation and threat reduction in the FY 2009 budget is:

The Department of Energy’s program to convert research reactors and secure fissile material in Russia, the International Nuclear Materials Protection and Cooperation program, is slated for \$429.7 million, almost \$60 million over last year’s request but about \$200 million less than the FY 2008 appropriations.

These two programs are crucial as terrorists, such as al-Qaeda have been reported to be seeking highly enriched uranium to make nuclear weapons. A crude

TABLE 5: NON-PROLIFERATION AND THREAT REDUCTION IN THE FY 2009 BUDGET		
Agency	FY 2008 Appropriation	FY 2009 Funding Request
Department of Defense	\$428 million	\$414 million
Department of Energy	\$1.66 billion	\$1.25 billion
Department of State	\$237 million	\$210.2 million

This is relatively low funding compared to the need for increased non-proliferation efforts to strengthen long-term U.S. security.

FUNDING FOR THREAT REDUCTION

The total threat reduction funding request that is specifically intended to secure or remove weapons-grade material at the source (not counting border control activities) is about \$1.2 billion.

Specifically, the budget request included \$219.6 million for the Global Nuclear Threat Reduction Initiative (GTRI) at the Department of Energy, an important program that secures and reduces the use of vulnerable fissile material around the world. This is an increase of \$100 million over last year’s request and an increase of \$16 million over the FY 2008 appropriations. The GTRI provides for the conversion of research reactor cores using weapons-usable highly enriched uranium to the use of non-weapons usable low-enriched uranium fuel. Its purposes are: for the return of U.S. and Russian-origin HEU, for radiological threat reduction, for safe and secure storage of plutonium in Kazakhstan, and for the identification of gap material (material not covered by other existing programs).

nuclear weapon with a simple design could be made using highly enriched uranium.

Bush’s FY 2009 request for the Elimination of Weapons-Grade Plutonium Production program, under which two out of three plutonium producing reactors in Russia have been shut down as the United States provides assistance to build equivalent coal-fired plants, calls for spending \$141.3 million. That’s almost \$40 million below the FY 2008 appropriations.

The Department of Defense’s Cooperative Threat Reduction program enables the removal and shipment of nuclear warheads from former Soviet republics to Russia—as well as the safe and secure storage of nuclear weapons and the dismantlement and destruction of nuclear silos and deliver vehicles in Russia. The budget request is \$414.1 million. That’s \$66 million over last year’s funding request but \$14 million below the FY 2008 appropriations.

FUNDING FOR OTHER NON-PROLIFERATION PROGRAMS

The total funding request for the Department of State for Non-Proliferation programs is \$210.2 million. These include funding for the Non-Proliferation and Disarmament Fund (which support dismantlement of

the North Korean nuclear program), Export Control and Border Security Assistance, Global Threat Reduction, voluntary contributions to the International Atomic Energy Agency (IAEA), and contributions to the Comprehensive Test Ban International Monitoring System and Weapons of Mass Destruction Terrorism programs.

The non-proliferation programs at the Department of Energy (in addition to the threat reduction programs) include Non-Proliferation and Verification R&D that focuses on detection of illicit nuclear material. The funding total in the request was \$275 million. That's \$112 million less than the FY 2008 appropriations. The request for Non-Proliferation and International Security for which the requested amount is \$140.5 million, is almost \$10 million below the FY 2008 appropriations.

These funds should be increased to strengthen non-proliferation efforts and cooperation, including increasing money for the Comprehensive Test Ban Treaty Organization for enhancing verification, the IAEA, including increasing safeguards training and technology, and for increased safeguards and verification R&D at the national laboratories.

Funding to support negotiations on, and dismantlement of, the North Korean nuclear program, are included in the State Department's Non-Proliferation and Disarmament Fund and in the Energy Department's Non-Proliferation and International Security account. Given the pace of the successful negotiations so far (though challenges remain related to verification of North Korea's nuclear declaration and commitments and to delisting North Korea as a state sponsor of terrorism), increased funding will be needed on the order of \$100-\$200 million to implement the disablement and dismantlement of its nuclear program. Congress in the 2008 supplemental appropriations bill also provided a five-year waiver authority from the Glenn amendment, a provision that allows the Department of Energy to provide U.S. technical and financial assistance to disable and dismantle North Korea's nuclear weapons program.

INSUFFICIENT FOCUS ON KEY NONPROLIFERATION PRIORITIES

A significant part of the threat reduction funding is not focused on securing material at the source, especially abroad, where it is most vulnerable. The State and

Energy Departments funding requests include funding for detection at the borders of nuclear smuggling, which is less effective than securing vulnerable material at the source as our first and best line of defense against the risk of diversion by terrorists. It is crucial that funding for removing or securing material at the source be prioritized in U.S. national security policy toward the goal of sustainably and effectively securing all vulnerable nuclear weapons or material worldwide.

The urgency in securing and removing HEU from vulnerable sites around the world was highlighted in November 2007 when four armed attackers entered the nuclear site at Pelindaba, South Africa which contained several hundred tons of HEU. According to Matthew Bunn, an associate professor at Harvard University's John F. Kennedy School of Government, hundreds of buildings in more than 30 countries contain enough of the essential ingredients of nuclear weapons to require the highest standards of security.

SPENDING IN THE WRONG DIRECTION

In addition, the Bush administration has continued to request funds for programs that directly undermine or complicate nuclear non-proliferation efforts.

Chief among these programs has been the administration's effort to research and develop new nuclear warheads, called the Reliable Replacement Warhead program. In FY 2009, it seeks approximately \$40 million for this Department of Energy program. Last year Congress zeroed out funding for this program.

The Bush administration has also sought over \$200 million for manufacturing and certifying new cores for nuclear weapons in FY 2009. The effort to produce pits for new nuclear weapons sends the signal that the United States plans to build new nuclear weapons, contrary to U.S. international commitments pursuant to the Nuclear Non-Proliferation Treaty, is unnecessary as the national laboratories and independent scientists concluded in 2006 that plutonium pits last at least 90 years, double the previous estimate, and is premature since the requirements for the role and configuration of the U.S. arsenal has not been reviewed yet. The House and Senate bills cut the pit manufacturing funding, though provided some funding for pit manufacturing capability.

The Bush administration is continuing to seek funding for resuming the reprocessing of nuclear spent fuel

under the Global Nuclear Energy Partnership (GNEP), requesting over \$302 million for FY 2009. Under this program, the Department of Energy proposed to extract plutonium (or material that could be readily converted to pure plutonium) from commercial nuclear waste. This program would significantly complicate U.S. efforts to discourage other countries from developing these technologies that could be used to make nuclear weapons material. In addition, reprocessing would result in additional stockpiles of nuclear weapons-usable material, raising the risk that terrorists might seek, or be able, to divert or steal this material. Congress cut over 50% of the requested funding last year and both House and Senate appropriations bills cut funding for Global Nuclear Energy Partnership again this year.

POLITICAL PRIORITIES

Increasing the political and diplomatic priority given to threat reduction and non-proliferation programs is essential. For example, the United States should be making it a diplomatic priority to convince countries

not to develop a nuclear weapons capability. For example, it needs to discourage Canada and South Africa from acquiring a uranium enrichment plant and South Korea from researching reprocessing technologies. This type of U.S. leadership has been successful in the past and should be continued.

Additional funding for certain programs could help reduce the dangers of nuclear terrorism, including additional funds for speeding up the pace of current efforts and providing increased incentives for countries to give up their weapon-grade material. Currently, most U.S.-origin nuclear material will not be returned to the United States. Therefore, added progress and focus on these programs to reduce the potential threat to U.S. security are needed.

Increased funding should be requested to support the verification and negotiation of legally binding nuclear arms reductions beyond the 2002 Moscow Treaty levels, and to increase the pace of nuclear weapon dismantlement. (The Bush administration requested \$64.7 million for this work in FY 2009.) Further significant

TABLE 6: RECOMMENDED FUNDING INCREASES

Programs	FY 2009 Request	Recommended Increase
Department of Energy International Material Protection and Cooperation	\$429.7 million	+\$60-70 million ¹
Department of Energy Global Threat Reduction Initiative	\$219.6 million	+\$200 million ²
Department of Energy Non-Proliferation and Verification R&D and Non-Proliferation and International Security	\$415.5 million	+\$150 million ³
Department of State Non-Proliferation programs	\$210.2 million	+\$100 million ⁴
Nuclear Weapons Dismantlement	\$64.7 million	+100 million ⁵

- 1 See Next Steps to Strengthen the National Nuclear Security Administration's Efforts to Prevent Nuclear Proliferation, Testimony by Dr. Matthew Bunn, before the Subcommittee on Energy and Water Appropriations, April 30, 2008; This increase in funding follows Dr. Bunn of Harvard University's recommendation, taking into account the increase in construction costs in Russia.
- 2 According to Dr. Bunn, this increase in funding could help speed up the conversion of 45 research reactors, facilitate building higher-density LEU fuel fabrication facility, accelerate the pace of removal of vulnerable materials, and secure additional radiological sources and research reactors worldwide. Additional funding and political prioritization could also help increase training, forge effective security standards, and ensure sustainability of on-going efforts and equipment for the long-term.
- 3 This additional funding would strengthen non-proliferation efforts and cooperation, including increased money for the CTBTO for enhancing verification, and for increased safeguards and verification R&D at the national laboratories.
- 4 This additional funding would allow increased funding for the Non-Proliferation and Disarmament Fund, and additional contributions to the IAEA and the Comprehensive Test Ban International Monitoring System.
- 5 This additional funding could help speed up the pace of nuclear weapons dismantlement and facilitate further reductions in the U.S. nuclear arsenal.

reductions in the U.S. nuclear arsenal are considered an essential step by many non-nuclear weapon states that are reluctant to take on any additional non-proliferation obligations until the United States and the other nuclear weapon states make further progress on their Article VI disarmament commitment under the Nuclear Non-Proliferation Treaty.

ECONOMIC DEVELOPMENT

RECOMMENDATION—*Double the budget, adding \$25 billion.*

The administration's FY 2009 budget request for development assistance continues the previous year's trend of moderate increases in foreign assistance spending. The emerging food prices crisis and the threat of climate change underscore the inadequacy of this business as usual approach. There is an urgent need to substantially increase funding for development and compensatory measures to address the impacts of climate change. But it is just as important to change how those funds are spent.

The administration's FY 2009 request for foreign operations (the accounts considered to be directed to development assistance) totals \$26.3 billion, compared to \$24 billion in 2008. Democratic presidential nominee Barack Obama has called for doubling foreign assistance to \$50 billion a year by 2012. While Republican nominee John McCain has not specified such an ambitious target, he too has indicated that a significant increase is needed.

Many of the projected increases follow a consistent trend from previous years, with significant increases in funding for the Millennium Challenge Corporation (MCC, at \$2.2 billion) and Economic Support Funds (to \$3.2 billion). The latter funds continue to be directed primarily to countries of strategic military interest to the United States, such as Pakistan, Iraq, and Colombia, rather than to the world's poorest nations. Overall development spending continues to prioritize these strategic interests over poverty alleviation, with \$7.7 billion out of \$10.7 billion in bilateral spending directed to Iraq (\$4.8 billion), Afghanistan, Colombia, Pakistan, and Jordan.⁶

The Millennium Challenge Corporation (MCC), which mainly funds infrastructure construction in countries that meet its strict criteria on good governance, continues to absorb a large share of budget

commitments, but actually disburses very little. While MCC spending in FY 2007 increased to \$137 million, this is still only one-fourth of its own projected targets. The Congressional appropriations process reflects that lack of progress. While the House Foreign Operation's bill provides \$1.5 billion for MCC, the Senate version cuts spending to just \$250 million. That wide divergence, along with others in the differing versions of the spending bills, will need to be worked out in Conference Committee, but the Senate cut does point to deep concerns among policy-makers about the effectiveness of the MCC's operations.⁷

DEPARTMENT FOR GLOBAL DEVELOPMENT

The problems in those two programs point to a bigger issue: the lack of coordination and commitment among various U.S. government "development" initiatives to effectively address the root causes of global poverty. Current foreign assistance programs are administered by as many as 24 government agencies and 50 programs, many of which are duplicative or even contradictory. The Modernizing Foreign Assistance Network (also known as the "Wye River Group"), a consortium of non-governmental organizations and research institutes, has recommended that these programs be unified under a new Cabinet-level Department for Global Development. Such a position would have the political clout to ensure that foreign assistance is "part of a coherent vision for U.S. engagement with developing countries alongside other instruments of policy including trade, defense and diplomacy."⁸

While this proposal could help to make decisions on development assistance more independent of short-term military or diplomatic goals and improve the coordination of so many disparate programs, it does not change the underlying problem of aid effectiveness. ActionAid International estimates that some 86% of U.S. foreign assistance is "phantom" aid that is not genuinely available for poverty reduction in developing countries. Phantom aid includes funds that are not targeted to poverty reduction, are double-counted as debt relief, are spent on overpriced and ineffective technical assistance, are "tied" to purchases of U.S. goods and services, or are poorly coordinated, leading to high transaction and administrative costs. For example, Oxfam America reports that in Cambodia, "USAID-funded NGOs must award contracts over a minimum threshold to U.S. companies. In one case, this would have forced a local health-care NGO to buy oral rehydration salts at four to five

times the price of locally available sachets.” This type of foreign assistance is not unique to the United States—at least 61% of donor assistance from G8 countries is phantom aid—but it is particularly pronounced in this country. So the issue is not just the *quantity* but the *quality* of foreign assistance. An overhaul of the 45-year-old Foreign Assistance Act is urgently needed to address these structural issues.⁹

In the meantime, the need for increased funding for development assistance, however flawed, continues to grow. Funds for HIV/AIDS, malaria, and tuberculosis treatment and prevention have increased substantially during the Bush administration, but the need continues to expand exponentially. The organization Physicians for Human Rights estimates that the U.S. share of the spending needed on these issues exceeds \$10 billion over the next five years. Similarly, the budget for Child Survival and Health, which is administered by USAID, was reduced by about 14% in the proposed FY 2009 budget. Given the almost unlimited needs in this area, a reduction in this account is inadvisable. The Unified Security Budget Task Force supports an additional \$200 million for Child Survival and Health Programs in the FY 2009 budget.

GLOBAL FOOD CRISIS

There has been the growing consensus among U.S. policymakers and NGOs on the need to scale up development assistance programs for several years. The wild cards this year, however, are heightened public attention to global food crisis and to climate change. While growing hunger and global warming have been problems for decades, in 2008 these twin issues emerged as major issues and potential threats to public safety and national security. In March, just after Bush’s budget proposal was presented, protesters in Côte d’Ivoire demanding government action to curb food prices clashed with police. In April, a week of riots in Haiti against rising food prices brought down the government and left at least five people dead and 20 wounded. In Bangladesh, some 20,000 workers rioted over high food prices, leaving more than 50 people injured. Continuing protests against rising food prices have erupted in over 30 countries across the globe.¹⁰

Ironically, this crisis unfolded a year in which the Administration had actually proposed cuts in the International Disaster Assistance Budget, from an estimated final FY 2008 level of \$430 million to \$289 million in FY 2009. The budget proposal did acknowledge the

likely need for a supplemental based on future requirements. However, that account, like the funds needed for food aid, has for many years relied on supplemental spending bills to address major disasters like the 2004 Asian Tsunami, the 2005 Pakistan earthquake, and the ongoing complex emergency in Darfur. Relying on supplemental funding requests introduces an element of uncertainty and delay that can increase response times to disasters.

By May, it was clear to most observers that the world is facing a major crisis. The United Nations World Food Program warned that rising food prices have the potential to plunge 100 million people more people into hunger, and dubbed the crisis the “Silent Tsunami.” World leaders rushed to offer new solutions, including increases in foreign assistance. President Bush pledged nearly \$1 billion in supplemental funding for food aid and agricultural development assistance.

The crisis has served to refocus public attention on the need to support food production in developing countries. Funding for agricultural development has dropped considerably over the past decade. This is due in large part to competing demands for other important issues in a time of dwindling resources. For example, the Bush administration requested \$6 billion in FY 2009 for the President’s Emergency Plan for AIDS Relief (PEPFAR). While few would argue against the need to support HIV/AIDS programs, the competition for funding has left little for agricultural development, especially support for food production by small-scale farmers. The Coalition for Agricultural Development has proposed increasing foreign assistance directed to agriculture to \$600 million in FY 2009.¹¹

Whether such an increase would actually translate into more effective support to enable poor people to claim their right to food would depend on how those funds are used. While a thorough reform of the Foreign Assistance Act could open the way for more effective and equitable approaches, there are already several proven options that deserve increased support now. The International Fund for Agricultural Development (IFAD), a UN agency, has an effective history of supporting the interests of small-scale farmers in developing countries. IFAD is currently negotiating replenishment, with a goal of increasing overall funding to \$1 billion. Increasing U.S. support to \$100 million would maintain its current share of IFAD funding under such an arrangement.

Funding for food aid should also be increased to at least \$3 billion a year instead of the current practice of

approving much lower levels and patching new funding together in supplemental bills as food crises arise. Once again, more aid is not necessarily better aid. The food aid program should also be reformed to end the wasteful practice of shipping U.S. commodities overseas, which adds at least 50% to current costs. Instead, new funds should increase support for local and regional purchases of food aid. This would lower the cost and delivery time of that aid, and at the same time support developing country farmers' efforts to feed their families and their nations.

The Unified Security Budget Task Force supports the recommendation of both the HELP Commission and the Advisory Committee on Transformational Diplomacy to double the budget for foreign assistance with an increase of \$25 billion over the President's request. Among its key priorities should be:

- \$2 billion a year in additional spending for HIV/AIDS, tuberculosis, and malaria (beyond the funds already committed under PEPFAR);
- \$3 billion a year for emergency food aid, along with a requirement that at least 25% of food aid be procured locally and regionally;
- \$100 million in International Disaster Assistance;
- \$600 million for agricultural assistance (as recommended by the Coalition on Agricultural Development);
- \$100 million for the International Fund for Agricultural Development;
- \$500 million in additional funds for universal basic education, as provided for in the proposed Education for All bill; and,
- \$600 million for child survival initiatives (as recommended by the U.S. Coalition for Child Survival).

FIGHTING CLIMATE CHANGE

Above and beyond the need for development assistance is the urgent imperative to combat the immediate effects of climate change. While there are multiple causes of the food crisis, there is little doubt

that increased climate variability was a major factor in current food shortages. Persistent droughts in Australia dramatically reduced its wheat harvest, and increasing extremes of weather contributed to food shortages and price rises in various countries around the world. The Intergovernmental Panel on Climate Change projects that yields from rain-fed agriculture in some African countries could decline by as much as 50% by 2020.

Climate change is a threat to development on a number of fronts. In addition to the impacts on food production caused by increases in droughts and flooding, greater climate variability leads to increases in diseases, decreases in access to water and, in some cases, a need to relocate entire communities. Women are especially vulnerable to these changes because they tend to be more dependent on threatened natural resources.¹²

Climate change is more than an environmental issue—it is an issue of international social and economic justice. Poor countries will suffer disproportionately from the impacts of climate change, which has been caused to great degree by rich country over-consumption and, consequently, much higher levels of greenhouse gas emissions. There is a growing international consensus on the need for rich countries, including the United States, to provide compensatory funding to developing countries to help them adapt to the impacts of climate change. These funds must be additional to current development assistance.

Urgent reductions in emissions are also needed. The United States and other industrialized countries must dramatically reduce their own emissions by 25% to 40% below 1990 levels by 2020. As one of the world's two largest polluters, the United States must reduce its emissions by at least 80% below 1990 levels by 2050. Rich countries should also provide assistance to help poor countries to access clean technologies.¹³

The United Nations Framework Convention on Climate Change (UNFCCC) estimates that \$67 billion a year is needed to for adaptation funding. Based on historic emissions levels and capacity to pay, ActionAid has estimated the U.S. share of that cost at \$29 billion. Once again, it is important to consider the quality of those funds as well as the quantity. Any adaptation funds should be directed primarily through multilateral channels (especially the Adaptation Fund set up under the UNFCCC) and must meet basic principle of democratic governance, civil society participation, sustainable and compensatory funding levels, no economic policy conditionality and access for the most vulnerable. The

Unified Security Budget Task Force has recommended that \$10 billion could be saved from rescissions of funds already appropriated but unspent on unneeded weapons systems (see Part III). This amount could fund one-third of the projected U.S. share of United Nations Framework Convention on Climate Change adaptation funding.¹⁴

U.S. CONTRIBUTIONS TO INTERNATIONAL ORGANIZATIONS

RECOMMENDATION—*Increase IAEA funding by \$100 million, and the overall International Organizations account by \$1 billion.*

Repairing the nation's severely damaged relations with the rest of the world requires a strong recommitment to multilateralism and international institutions, in resources as well as rhetoric.

U.S. funding for international institutions is funded by a variety of accounts within the overall International Affairs budget. Since 2006, the Bush administration has proposed cuts in nearly every voluntary contribution to United Nations organizations, including the two major international programs addressing poverty elimination and environmental regeneration: the Development Program (UNDP) and the Environment Program (UNEP). In addition, the administration proposed cutting the UN Development Fund for Women by 70%. Remarkably, given the damage to the nation's international reputation caused by the new policy on torture, the contribution to the UN Voluntary Fund for Victims of Torture has been cut by 27%.

Currently, there is a \$167 million shortfall in U.S. contributions to international organizations. The FY 2009 request for funding international organizations, despite a 13% increase, does not address previous arrears. The Contributions to International Organizations (CIO) account funds not only the UN regular budget but also 44 other treaty-based organizations that support our national security interests—including the International Atomic Energy Agency (IAEA), NATO, the World Health Organization, and Food and Agriculture Organization, and the Organization for the Prohibition of Chemical Weapons. Most of the U.S. dues for these organizations are already paid about a year late. The recently passed emergency supplemental funding bill provides \$141 million to pay outstanding U.S. bills in the CIO account, \$90 million of which will likely go to the United Nations. Nevertheless, U.S. funding

for international organizations still faces outstanding shortfalls.

Of particular note is funding for the IAEA. The importance of this agency can be stated in the starkest terms: had the United States abided by its judgment on (the absence of) weapons of mass destruction in Iraq, the U.S.-led coalition could have avoided war. The United States has indicated what it is willing to spend on inspections when it thinks they matter: the CIA's Iraq Survey Group spent \$100 million a month in a futile search for those weapons in Iraq. Yet in 2008, the IAEA is pursuing its mandate to conduct inspections across the globe on a budget of only \$458.8 million for the year.¹⁵

The United States has chosen to belong to each organization and signed treaties committing to pay for our share of their operations. We can choose to drop out of any of these organizations if we find that they do not suit our diplomatic purposes. To date, the U.S. government has made no such finding.

LATE PAYMENTS AND ARREARS

For several years, Congress has reduced the State Department's request for the CIO account. To minimize the impact of the shortfalls, the State Department began paying an increasing number of CIO dues and organizations late. The State Department has exhausted its ability to defer payments in the CIO organizations—now paying 100% of these organizations late—to cover its shortfalls. The United States has now incurred hard arrears in 22 treaty-based organizations, for the first time in nearly a decade.¹⁶

This increasing trend of paying late and underfunding international organizations confounds U.S. demands that they be better managed. The World Health Organization, for example, reports that U.S. arrears prevent well-managed budgets and result in programs reaching full staff and technical capacity a year or more after they were planned to be fully operational. Similarly, the Organization for Economic Cooperation and Development has been forced to withhold staff pay because of U.S. arrears.

Paying these international organizations late is counterproductive to U.S. interests. The U.S. pays the IAEA extra to carry out a number of programs critical to U.S. national security, such as strengthening nuclear safeguards to detect secret or undeclared nuclear ac-

tivities. The IAEA's major contributors, including the U.S., have long required that its core budget maintain zero-growth. Yet the IAEA staff who plan, manage, and account for these critical programs are funded through that core budget. So when the United States pays the majority of its IAEA dues more than a year late, as it usually does, the IAEA's ability manage staffing needs is hindered. In the past, the IAEA has run out of money to pay staff salaries, forcing them to borrow from the UN's Working Capital Fund—a very limited funding source.

Further, other dues-paying countries take note when the U.S. fails to honor its commitments in these international organizations. As a result, our influence on making budgetary and policy decisions in them is reduced. For example, the United States consistently wants the Food and Agriculture Organization to increase its capacity to set world-wide food and plant standards; such expectations are undermined by the U.S. government's chronic record of failing to pay its dues on time.

The Task Force recommends increasing the U.S. contribution to the IAEA by \$100 million, making the administration's identification of nuclear nonproliferation as its highest foreign policy priority more credible. We recommend making up the current \$167 million shortfall in total contributions to international organizations and creating a plan to address the total shortfall, which in March 2008 totaled \$846 million.¹⁷ Additionally, we recommend that Congress or the Bush administration lay the groundwork to resynchronize U.S. payments with international organizations' billing cycles, in order to address the \$1.3 billion in timing differentials in the CIO account.

Lastly, we recommend increasing the overall FY 2009 request for international organizations by \$1 billion—the cost of about three days of occupation in Iraq—as a way to get started on the process of redressing the bitter legacy of that occupation and projecting a more positive role for the U.S. in the international community.

U.S. CONTRIBUTIONS TO UNITED NATIONS PEACEKEEPING

RECOMMENDATION—*Add \$2.4 billion to address past arrears and current shortfalls in U.S. contributions.*

Through its permanent seat on the Security Council, the United States not only approves all peacekeeping

operations but has pressed for more of these missions, sending peacekeepers to conflict zones like Lebanon, Haiti, and Sudan. With nearly 100,000 troops deployed around the world, UN peacekeeping missions “further U.S. objectives by ending conflicts, restoring peace, and strengthening regional stability,” as noted in the FY 2008 budget summary issued by President Bush. Congress and the Bush administration have recently acted to address some U.S. debt to the UN through FY 2008 and FY 2009 supplemental funding. Yet the Bush administration's proposed budget for FY 2009 threatens to eliminate these gains by once again substantially underfunding anticipated UN peacekeeping assessments. The Administration's budget request for FY 2009 includes less than \$1.5 billion for peacekeeping, shortchanging the Contributions to International Peacekeeping account (CIPA) by \$610 million, even though the government will enter the FY 2009 budget cycle about \$671 million behind. This includes unjustified cuts in funding to UN peacekeeping missions in the Congo, Haiti, and Darfur.¹⁸

These arrears stem from inadequate budgets, an outdated congressional peacekeeping cap and past, unilateral, congressional decisions not to pay for peacekeeping missions that the United States voted for at the UN. These debts are preventing the UN from paying the countries that offer up troops for UN peacekeeping missions and likely hit India, Pakistan, and Bangladesh especially hard.

Beyond this current debt, peacekeeping experts conclude that Bush's FY 2009 budget will add about \$600 million to the U.S. peacekeeping debt to the UN based upon existing UN peacekeeping missions. And if the proposed UN missions in Chad/Central African Republic and Somalia are undertaken, estimates are that the arrears would grow by another \$300 million. Combined past arrears and current shortfalls will leave the United States close to \$2.4 billion dollars short of meeting its UN peacekeeping obligations.¹⁹

Meanwhile the United States has been pressing and voting for several new and expanded UN peacekeeping missions. For example, within the last year, the United States has voted for:

- An extension of the mandate of the UN's mission in Cyprus and commitment to that nation's reunification;
- The expansion of the international peacekeeping mission in Darfur;

- The expansion of the United Nations peacekeeping mission in Liberia; and,
- The use of international security forces to assist the government of East Timor and the UN mission to restore and maintain law and stability.²⁰

Putting our money where our mouth is will require, at a minimum making up the \$2.4 billion budget shortfall.

UN PEACEBUILDING

RECOMMENDATION—*Fund an initial (non-assessed) U.S. contribution of \$500 million.*

In one of the rare points of consensus at the UN World Summit in September 2005, member states supported the establishment of a UN Peacebuilding Commission. The idea was to address a critical shortcoming in the international support structures for peace, namely that peacekeeping mandates tend to dry up and resources and attention go elsewhere once the fighting has stopped or been contained. UN Secretary General Kofi Annan proposed a new UN body to devise comprehensive peacebuilding strategies for post-conflict situations, in order to coordinate the work of international actors (such as bilateral donors, peacekeeping troop contributors, regional organizations and international financial institutions, in addition to the relevant UN agencies), and to support the country's own recovery planning. His proposal specified both a commission drawn from representatives of selected member states, and a Peacebuilding Support Office within the Secretariat supported by a standing fund.

On December 20, 2005, the UN General Assembly and Security Council both passed resolutions establishing the commission, which has now begun to operate. A 31-member Organizational Committee leads the commission, made up of representatives of the Security, Economic and Social Councils, the General Assembly, and top contributors of UN funds, troops and police to peacekeeping missions. The commission operates only by consensus, and has no way of assuring the cooperation or coordination of the various international, state, and NGO actors involved in a common post-conflict plan. In January 2007, the UN Security Council elected Panama and South Africa as its two non-permanent Council members to sit on the Organizational Committee for a two-year term.

The Peacebuilding Fund draws its funds from voluntary contributions from member states. The Fund has a preliminary target pledge of \$250 million. Sixteen countries—Indonesia, Finland, Sweden, Egypt, United Kingdom, Turkey, China, Denmark, the Netherlands, Japan, Korea, Ireland, Iceland, Luxembourg, Belgium, and Croatia—pledged a total of \$144 million toward that total at the time of the fund's launch. The U.S. was not among them and has yet to make any contributions to the fund. The Peacebuilding Fund currently has 44 donors, and Germany recently announced a \$10 million contribution, illustrating continued donor confidence and support for the work of the Peacebuilding Commission.²¹

The Peacebuilding Commission designated Burundi and Sierra Leone as the first post-conflict peacebuilding cases to be brought before the Commission and coordinated peacebuilding activities began in both countries in Fall 2006. Currently, 27 projects have been approved for Peacebuilding Fund support, with six nations benefiting: Burundi, Sierra Leone, Liberia, Côte d'Ivoire, Central African Republic, and Guinea. In Sierra Leone, youth unemployment and reform in the criminal justice and security areas remain the greatest challenges to strengthening the democratic process. In Burundi, promoting good governance, strengthening rule of law, and disputes over human rights abuses and land ownership remain obstacles to the success of the commission's coordinating efforts. In December 2007, the Peacebuilding Fund allocated \$15 million to support the peacebuilding process in Liberia, funding projects to reduce poverty, promote national reconciliation, and provide employment and opportunities for war-affected youth. As for the Central African Republic, the nation is emerging from a long cycle of recurring socioeconomic and political crises and has been plagued by armed attacks, widespread banditry, and massive internal displacement in recent months.²²

The Peacebuilding Commission's current shortcomings include a lack of clear coordinating authority, and money. The challenge for the international community is to deliver on its commitment to peacebuilding and pledges to the Peacebuilding Fund. At the Burundi Country-Specific Meeting in December 2006, Commission's members expressed concern about a budget shortfall. Additionally, the Peacebuilding Commission's Interim Report on Burundi's Strategic Framework, released in June 2008, found that the commission and the government of Burundi had made considerable strides in the nation's recovery from its decades-long civil war, but that overcoming instability requires firmer

commitments. Additionally, the government of Norway recently decided to allocate \$20 million to peacebuilding efforts in Burundi.²³

It is essential that the commission be able to provide adequate funds to carry out peacebuilding activities at hand in the target nations. The Bush administration has expressed support for the concept of the UN Peacebuilding Commission, but has budgeted no money for it. The Unified Security Budget Task Force last year recommended an initial voluntary (non-assessed) U.S. contribution of \$500 million. This recommendation remains in place.

UNITED NATIONS EMERGENCY PEACE SERVICE

RECOMMENDATION—*Fund the U.S. share of the estimated startup costs, which would equal \$540 million.*

A standing emergency response service has been proposed to address ever-increasing needs for the international community to respond rapidly and effectively to emerging crises. The United Nations Emergency Peace Service (UNEPS) would be designed to complement, not replace, existing peace operations. It would have first-in—first-out capabilities and supplement the UN's capacity to provide stability, peace, and relief in deadly emergencies.

This new agency would recruit, train and employ between 15,000 and 18,000 people with a wide range of skills, including civilian police, military, judicial experts and relief professionals. The goal would be to ensure that missions would not fail due to a lack of skills, equipment, cohesiveness, experience in resolving conflicts, or gender, national or religious imbalance. The service would have special expertise in conflict resolution, environmental crisis response, and emergency medical relief. Its military component would have two complete mission headquarters with military, police and civilian staff, technical reconnaissance units, light-armored reconnaissance squadrons, motorized light infantry, armored infantry, a helicopter squadron, an engineer battalion and a logistics battalion.

Last year, the Unified Security Budget Task Force recommended creating a UN Civilian Police Corps, a robust standing force equipped with light-armored transport, protective gear, and weapons. We are pleased to report that a UN Standing Police Capacity has been established; however, it does not go far enough. Estab-

lishing a force such as UNEPS would provide a more holistic approach to the complex needs arising from conflicts, in that it would include a strong police element while simultaneously addressing other peacekeeping concerns, such as conflict resolution and medical relief.²⁴

The need for UNEPS was best expressed by former UN Secretary General Kofi Annan, who compared his job of building support and raising funds for each new UN peacekeeping mission to that of a volunteer fire chief, who is forced to raise funds, find volunteers and secure a fire truck for each new fire. UNEPS would help prevent early stage crises (caused by violent conflict or natural phenomenon) from escalating into national or regional disasters. Over the last 15 years, the UN has taken, on average, 46 days to begin the deployment of peacekeepers and 13 months to fully staff missions involving rapid deployment or crisis response. The proposed United Nations Emergency Peace Service could fill the gap between the Security Council's authorization of a peace operation and the actual deployment of a conventional peacekeeping mission.

Support for the United Nations Emergency Peace Service is increasing. A recent poll showed 64% of the population in 14 different countries agreed that the UN should have a permanent peacekeeping force and in the United States an impressive 72% were in favor of such a force. A total of 54 non-governmental organizations (NGOs) sent a letter urging Members of Congress to support the establishment of a United Nations Emergency Peace Service (UNEPS). Signatories include an array of NGOs representing the peace and conflict resolution community, think tanks, civil rights, faith-based, and human rights organizations. Among the groups signing the letter are: Save Darfur, Refugees International, the Center for American Progress, the National Association for the Advancement of Colored People (NAACP), the Presbyterian Church, USA, and Human Rights Watch.

It is in the interest of the United States to support, both diplomatically and financially, the establishment of a standing mission capacity in the UN, as the service would help the United States to meet its dual goals of averting genocide and preventing loss of American life in dangerous environments. In order to respond to the views of civil society as well as to the demonstrated need for a force like UNEPS, the United States should allocate funding for a comprehensive study assessing the need and feasibility of such a force, as well as funds for implementation upon positive recommendation. The

estimated start-up costs for such a force would equal approximately \$2 billion, and the U.S. share (27%) would equal \$540 million.²⁵

NON-UN PEACEKEEPING OPERATIONS

RECOMMENDATION—*Increase the request by \$100 million.*

The State Department's request for Peacekeeping Operations (the PKO account) for FY 2009 is \$247.2 million. This request states that the funding is used to "advance international support for voluntary multi-national stabilization efforts, including support for international missions that are not supported by the United Nations, and U.S. conflict resolution activities. PKO funding provides security assistance to help diminish and resolve conflict, enhances the ability of states to participate in peacekeeping and stability operations and address counter-terrorism threats, and, in the aftermath of conflicts, reforms military establishments into professional military forces with respect for the rule of law."²⁶

The PKO account supports several vital programs, including the President's Global Peace Operations Initiative (GPOI), which aims to train over 15,000 peacekeeping troops to reach the initiative goal of 75,000 peacekeeping troops trained worldwide. GPOI also provides deployment equipment to enable troops to deploy to peace operations and enhances the ability of regional organizations to plan and manage peace operations.

In approving the FY 2008 allocation, the House Foreign Operations Appropriations Committee observed "with great concern that the fiscal year 2008 request for the PKO account appears to overwhelmingly prioritize Security Sector Reform program over other activities," noting that "the Administration leaves little flexibility in case of an emergency in addressing regions of instability, where peace remains tenuous, instability remains a constant and where conflicts continue to flare up."

The Task Force shares these concerns and urges a reprioritization of core funding for peacekeeping operations. Especially important will be supporting the ability of such regional organization as the African Union and the Economic Community West African States to plan and manage peace operations and providing transportation and logistical support through international coordination. Particular attention must be paid to supporting the African Union mission in Darfur, an im-

portant first step before deployment of United Nations personnel. Additional funding is needed to support the operationalization of the African Standby Force, which in certain regions has made a promising beginning.

Accordingly, the Task Force recommends adding \$100 million to the State Department's current request for the PKO account, to fully support these important programs. Current PKO funding is tightly allocated to specific programs, and this additional funding would allow the State Department to rapidly and effectively address conflicts as they arise without having to request and wait for supplemental funding.

U.S. INSTITUTE OF PEACE

RECOMMENDATION—*Increase funding by \$12 million*

While many members of Congress still are not even aware of the U.S. Institute of Peace's existence, its profile is increasing with a growing mandate and budget. It has moved from being primarily a "think tank" researching and writing about peacebuilding and conflict resolution to a "think-do-teach" tank that underwrites papers, books, conferences, and meetings, has staff working in Iraq and other conflict zones to foster reconciliation, and conducts \$7.3 million training program for government employees from the United States and other countries, nongovernmental organizations, teachers, students, and others.

The 140 staff of the USIP have at least three challenging tasks. First, they are charged with putting forth nonviolent policy solutions to address fragile states, ethnic and religious strife, extremism, competition for scarce resources, and the proliferation of weapons of mass destruction. While the State Department shares the mission of preventing and resolving international conflicts, USIP has a wider degree of freedom to work behind the scenes and at lower levels to achieve policy results. For example, in Iraq, USIP has held significant dialogues between community level Sunni and Shia leaders while the State Department works with leaders at higher levels.

The second challenge is in finding a way to maintain its independent, nonpartisan mission during presidential administrations that seem averse to negotiation and beholden to militarized solutions to policy challenges. The U.S. Institute of Peace is sometimes criticized as being full of right-wing academics, and retired government and military personnel that control its research

dollars and activities. But recent fellows, who do not speak on behalf of the institute but whose research is funded by it, have had the freedom to express dissent and critique of U.S. policy in Iraq and elsewhere.

Given the vast disparity in the U.S. budget between funds for peacebuilding and warmaking, The U.S. Institute of Peace's third challenge is to give a voice to principled negotiation, conflict prevention, and peacebuilding as policy relevant approaches for addressing U.S. security concerns. In the 2009 budget, the Task Force recommends increasing the U.S. Institute of Peace's budget to \$45 million.

ALTERNATIVE ENERGY

RECOMMENDATION—*Increase funding by \$17.4 billion for R&D, commercialization, tax incentives, and support for domestic components manufacturing.*

A nation divided on most every issue is now remarkably united on the need to develop renewable energy as a path to energy independence, security, and a stabilized climate. The federal government has three primary tools it can deploy to support renewable energy development: R&D support, commercialization support for successful R&D, and investment and production tax credits. In every one of these areas we are moving backwards, not forwards.

The President's FY 2009 budget request actually reduced the already meager levels of federal support for this goal. R&D funding requests are down. After three years, the only federal program to support the commercialization of new technologies is not operational. Most importantly, the tax credits that support renewable deployment are being allowed to expire.²⁷

Federal policy should set a target goal for renewable energy installations and create supports to realistically meet that goal. The Renewable Energy Policy Project has calculated that an annual installation of 18,500 megawatts (MW) from renewable sources would stabilize CO₂ emissions from electricity generation and increase the security of our energy supplies. This goal can also be achieved by mandating 20% of electricity generation be from qualified renewable energy projects.²⁸

These federal expenditures will be necessary to achieve that goal:

R&D: Research and Development funding is appropriated through the Department of Energy's Energy Efficiency and Renewable Energy (EERE) programs. The EERE budget for FY 2008 was \$1.7 billion. The President's 2009 EERE budget lowered the request from the previous year by \$500 million to \$1.3 billion. In order to assure that basic and applied science move forward to meet the challenge of transforming the energy sector, his budget instead needs to be increased by 10% to \$1.9 billion and the R&D should be tied to industry research agendas.

Commercialization: Commercialization of R&D efforts is extremely important because it is the primary way society is paid back for supporting basic R&D and it is the way to drive the price of renewable energy lower over time. At this point, the United States has no functioning commercialization program. The Energy Policy Act of 2005 Title XVII required DOE to select new technologies, not previously commercially deployed, and select projects to receive a loan guarantee for up to 80% of the total installed cost of the project. To date no loan guarantees have been made. A reasonable target for a commercialization program would require supporting 1,850 MW per year of new technologies (10% of the target goal of 18,500 MW). If successful, this would assure renewable technologies would be turned over every 10 years. As discussed below the average capital cost per MW of present renewable generation is \$2 million per MW. Since first time installed costs are higher than fully commercialized technologies, a reasonable estimate of the capital expenditures for the 1,850 MW would be \$7.4 billion. Under traditional commercialization practice, this initial capital expenditure would be shared 50/50 between the private and public parties. A budget outlay for this program would be \$3.7 billion per year.²⁹

Tax Incentives: For renewable electric technologies already in the marketplace, federal energy policy has relied on investment and production tax credits to leverage private investment. For wind and photovoltaic technologies the tax credit leverages \$2 for every dollar of credits. Using that 2:1 leverage ratio, a stabilization wedge which requires on average \$37 billion per year of total investment could be obtained with tax credits of \$12 billion per year. These tax credits, or equivalent incentives, must be made a permanent part of our national energy policy. They provide a public return for technologies that add to energy security and address climate stabilization challenges.

Creating a renewable energy industry: Finally, renewable energy is manufactured energy. Any energy policy that adds substantial renewable energy projects will vastly increase the demand for all the component parts that make up the installations. That potential for new domestic manufacturing has been up to this point completely neglected. A Renewable Energy Manufacturing Initiative should be made a part of federal policy. An appropriation of \$1 billion should support a national program to tie together state level economic development programs, the Manufacturing Extension Program which provides technical support to existing firms, and qualified manufacturers to create a world-class domestic industry to supply anticipated demand and lead the way to cost cutting efficiencies and innovation.

HOMELAND SECURITY

HOMELAND SECURITY IN 2008

Since the 9/11 terrorist attacks, the federal government has directed considerable policy attention to the issue of homeland security. Last year was no exception, with new legislation, implementation of previously adopted policies, and somewhat greater funding for some aspects of the mission. Homeland security spending increased, allowing for more border inspectors, more radiation detectors at ports, more explosives detection equipment at airports, and more security training exercises. However, wherever such information is available, improvements in the *performance* of these added resources continued to prove elusive.

A Unified Security Budget for the United States, FY 2008, released last year, reported on the initial congressional action in the U.S. House of Representatives on HR 1, the *Implementing the 9/11 Commission Recommendations Act of 2007*.³⁰ This legislation, which was ultimately signed into law by President Bush on August 3, 2007 (Public Law 110-053), contained a number of major provisions, including the following:

- Increases in the portion of State Homeland Security Grants awarded based on risk by reducing the guaranteed state minimum allocation from 0.75% to 0.375% in FY 2008, declining to 0.35% by FY 2012. For the first time, the sums appropriated for the Urban Area Security Initiative were added to the calculation of the minimum state grant;

- Authorization of the creation of the Interoperable Emergency Communications Grant Program to improve the effectiveness of local, tribal, statewide, regional, national and international emergency communications systems;
- Increases in security requirements in the Visa Waiver program;
- A National Biosurveillance Integration Center aimed at improving the federal government's capability to rapidly identify, track and alert the nation of bioterrorist acts;
- Increases in the number of surface transportation security inspectors (who have thus far been assigned almost exclusively to the rail and transit modes) from 100 in FY 2007 to 200 by FY 2010, with accompanying authorization levels of \$17.1 million in FY 2008, \$19.95 million in FY 2009, and \$22.8 million for FY 2010 and 2011;
- Increases in the use of canine explosives detection teams;
- Development and implementation of the National Strategy for Public Transportation Security, which includes conduct of security assessments of transit systems, security grants to public transportation agencies, security training and exercise programs for public transit workers, and identification checks against the consolidated terrorist watchlist and on immigration status for public transportation employees. Section 1406 of the title authorized \$650 million in FY 2008, \$750 million in FY 2009, \$900 million in FY 2010 and \$1.1 billion in FY 2011 for the security grant program;
- Security programs for the railroad, bus and trucking transportation modes similar to the one established for mass-transit systems. Section 1513 made the award of railroad security assistance grants discretionary for DHS, and Section 1532 set the authorization levels for bus security assistance as follows: \$12 million for FY 2008, and \$25 million per year for fiscal years 2009-2011;

- Requirements that the level of screening for cargo placed on passenger aircraft must be “commensurate” with that of passenger checked bag screening, and mandated that 50% of all cargo on passenger aircraft be screened within 18 months of the bill’s enactment and 100% be screened within three years;
- A total of \$450 million in discretionary funds per year for fiscal years 2008-2011 “to fund the installation of in-line Explosives Detection Systems at U.S. airports at a level approximate to the Transportation Security Administration’s strategic plan for the deployment of such systems.” These amounts are to be used in combination with the \$250 million per year in funding from the Aviation Security Capital Fund currently dedicated to this purpose;
- A mandate that DHS to submit a plan to Congress within 120 days of enactment that includes timelines for testing and implementation of the Department’s advanced airline passenger prescreening system (currently called “Secure Flight”);
- A requirement for a standardized threat and vulnerability assessment program for General Aviation airports, conduct a feasibility study of a security grant program for such airports, and devise a means by which General Aviation aircraft entering the United States from a foreign location submit passenger information to the Transportation Security Administration for checking against appropriate watchlists; and,
- A deadline of July 1, 2012, by which all containers loaded on a vessel in a foreign port must be scanned by nonintrusive imaging and radiation detection equipment at a foreign port prior to being permitted entry to the United States. The conference report also called on DHS to work with the State Department and the United States Trade Representative in pressing for the establishment of an international framework for scanning and securing containers.³¹

The Department of Homeland Security last year:

- More than doubled the number of airport screeners who received training in behavior pattern recognition to help them identify potentially high-risk passengers;
- Achieved 100% screening for radiation of shipping containers bound for the United States in a pilot program;
- Deployed over 1,000 radiation detectors at the country’s land and sea ports-of-entry;
- Issued standards for chemical facility security;
- Enrolled 7,000 port workers in the Transportation Worker Identification Credential (TWIC) biometric credential program; and,
- Increased FEMA staffing at the headquarters and regional levels.³²

In August 2007, the Government Accountability Office released its *Progress Report on Implementation of Mission and Management Functions* by DHS. “Four years into its overall integration effort, DHS has attained some level of progress in all of its mission and management areas,” the GAO said. “The rate of progress, however, among these areas varies.” The report continued,

Key underlying themes have affected DHS’s implementation efforts and will be essential for the department to address as it moves forward. These include management, risk management, information sharing, and partnerships and coordination. For example, while DHS has made progress in transforming its component agencies into a fully functioning department, it has not yet addressed key elements of the transformation process, such as developing a comprehensive strategy for agency transformation and ensuring that management systems and functions are integrated...DHS has also not yet fully adopted and applied a risk management approach in implementing its mission and management functions...In addition, DHS has taken steps to share information and coordinate with partners, but has faced difficulties in these partnership efforts, such as ensuring that the private sector receives better information on potential threats.³³

The chart below documents the GAO's findings concerning DHS's progress in achieving key performance measures in fulfilling several of its most important missions. Of the mission areas listed below, GAO termed the progress in maritime security as "substantial," in immigration enforcement, aviation security, surface transportation security and critical infrastructure protection as "moderate," and in emergency preparedness and response as "limited." It should be noted, however, that the very small number of assessments applied to surface transportation security and critical infrastructure protection are indicative of the Department's limited role to date in these areas.³⁴

A number of other analyses have raised questions about the federal government's homeland security efforts. For example, while acknowledging progress in a number of areas, an October 2007 GAO survey pointed to continuing shortcomings in aviation security, including in developing the "Secure Flight" passenger prescreening system, implementing effective airport perimeter security measures, deploying "checkpoint technologies to address key existing vulnerabilities," and developing and implementing the technologies needed to screen air cargo. Another GAO report from a month later stated, "GAO investigators succeeded in passing through TSA security screening checkpoints undetected with components for several improvised explosive devices and an improvised incendiary device concealed in their carry-on luggage and on their persons."³⁵

Evaluations of the impact of recent homeland security laws have also yielded mixed reviews. GAO found that efforts undertaken as a result of the 2002 *Maritime Transportation Security Act* (MTSA) and the 2006 *SAFE Port Act* have produced some significant improvements in port and container security, including enhanced cooperation and coordination, the development of facility security plans, and the improvement of the Container Security Initiative (CSI) and the Customs-Trade Partnership against Terrorism (C-TPAT). On the other hand, a number of ongoing challenges were noted:

- Resource constraints limiting the Coast Guard's ability to expand interagency port operations centers, increase harbor patrols, expand the scope of port security plans and exercises to adequately address recovery issues, and appropriately staff its Maritime Transportation Security Act-required obligation to work with other countries to improve security at their ports;

- The TSA's failure to meet the July 1, 2007 deadline (under the SAFE Port Act) for implementation of the Transportation Worker Identification Credential (TWIC) program at the ten highest-risk ports, and questions about the capacity of the DHS Screening Coordination Office to coordinate department-wide screening programs;
- Continuing problems in the capabilities of the Automated Tracking System (ATS) to analyze shipping information and identify suspicious containers, and in the ability of the Container Security Initiative and Customs-Trade Partnership against Terrorism programs to set equipment standards and validate private sector compliance; and,
- Inadequate testing of radiation testing equipment by DHS's Domestic Nuclear Detection Office (DNDO).³⁶

At a December 2007 House hearing on implementation of the Chemical Facility Anti-Terrorism Standards (which had been developed pursuant to language included in the FY 2007 DHS appropriations bill), a representative of DHS testified that the Department was taking a phased approach to implementation of the program, beginning in June of 2007. An interim rule was promulgated in November, which established risk-based standards for physical security at chemical plants holding above-threshold amounts of 342 chemicals. As of the hearing date, the department reported that 12,267 facilities had registered to take part in the assessment process. At the same hearing, testimony was given that the new standards "do not clearly define chemical worker involvement or consultation in the facility process...; and contain no whistleblower protections... Finally, there is no requirement to evaluate how safer and more secure technologies might reduce the risk from attack."³⁷

Outside of DHS, the Department of Health and Human Services has primary responsibility for public health security. Beginning in 2003, the Trust for America's Health (TFAH) has been providing annual reports on the nation's readiness to deal with major threats, including pandemic disease and bioterrorism. The 2007 survey concluded that "on some measures, significant progress has been made in the nation's preparedness. There are important areas, however, where continued, concerted action is required."³⁸

The Trust for America’s Health report called attention to improvements in federal public health disaster planning, specifically citing the 2007 “National Strategy for Pandemic Influenza Implementation Plan,” “the Pandemic and All-Hazards Preparedness Act Progress Report,” and Homeland Security Presidential Directive-21 that set a “National Strategy for Public Health and Medical Preparedness.” Substantial progress was also observed with respect to public health laboratory capacity, with 43 states now reporting they “have adequate capacity to conduct laboratory tests during a public health emergency,” versus just six states in 2003. But the Trust for America’s Health also found that:

- “State, local, and hospital emergency preparedness funding has been cut over the years and remains inconsistent, which hampers state and local preparedness initiatives;”
- “The public health workforce and healthcare workforce shortages continue to worsen,” and,
- “Integrating the disparate [public health information technology] systems so that data can be shared is a serious barrier to the development of a near real-time electronic nationwide public health situational awareness capability.”

TABLE 7: HOMELAND SECURITY FUNDING (figures in billions)

Department	FY2007 (Total) ¹	FY2008 (Admin. budget)	FY2008 (Total) ²	2008 v. 2007 ³
Energy	1.72	1.83	1.83	6.4
Health and Human Services	4.33	4.42	4.30	-0.7
Homeland Security	29.55	29.67	32.74	10.8
Justice	3.52	3.33	3.52	0.0
State	1.24	1.41	1.96	58.1
Other	2.93	2.98	3.20	9.2
Non-defense homeland security	43.29 ⁴	43.64	47.55	9.8
Defense	16.54	17.46	17.37	5.0
Homeland security	60.83 ⁵	61.10	64.92	6.7

1 FY 2007 total includes supplemental and emergency appropriations

2 FY 2008 total includes enacted and requested supplemental and emergency funding

3 Percentage change between final FY 2007 and FY 2008 Totals

4 Excludes \$1 billion for mandatory Interoperability Communications Grants

5 Includes \$1 billion for mandatory Interoperability Communications Grants

Source: Office of Management and Budget, Budget of the United States Government Fiscal Year 2008: Analytical Perspectives (Washington, Dc, February 2007), p. 20; and Office of Management and Budget, Budget of the United States Government Fiscal Year 2009: Analytical Perspectives (Washington, Dc, February 2008), p.20.

TABLE 8: FY2008 USB HOMELAND SECURITY RECOMMENDATIONS VS. FINAL APPROPRIATIONS

	FY2007 (final)	FY2008 (Admin)	FY2008 USB	FY2008 (final)	Final vs. USB
In-line screening ¹	0.77 ²	0.73	1.98 ³	0.83 ⁴	-1.15
Port security ⁵	1.57	2.14	2.83	2.37	-0.46
Container security ⁶	0.53	0.57	0.60	0.64	+0.04
Rail and transit security ⁷	0.19	0.20	3.55	0.42	-3.13
DHS security training	0.00	0.00	0.10	0.00	-0.10
Nuclear spent fuel dry storage	0.00	0.00	0.70	0.00	-0.70
Chemical site security	0.01	0.03	1.06	0.05	-1.01
DHS IG	0.09	0.10	0.15	0.09	-0.06
Risk allocation study	0.00	0.00	0.01	0.00	-0.01
First responder grants ⁸	1.97	2.27	5.00	3.31	-1.69
HHS public health security ⁹	1.38	1.18	6.18	1.22	-4.96
TOTAL	6.51	7.21	22.15	8.95	-13.21

1 Includes EDS and ETD purchase, installation and maintenance for airport screening of checked bags and cargo on passenger aircraft

2 Includes \$250 million from Aviation Security Capital Fund

3 Includes \$250 million from Aviation Security Capital Fund

4 Includes \$250 million from Aviation Security Capital Fund

5 Includes Coast Guard Port, Waterways and Coastal Security, and Port Security Grants

6 Includes Container Security Initiative, Customs-Trade Partnership Against Terrorism, Automated Commercial Environment and DOE Megaports

7 Includes TSA rail and transit security inspectors and canine teams, and Rail and Transit Security Grants

8 Includes State Homeland Security Grant Program, Law Enforcement Terrorism Prevention Program, Emergency Management Performance Grant Program, Metropolitan Medical Response System, Citizen Corps Program, Urban Area Security Initiative, and Interoperability Emergency Communications Grants

9 Includes CDC State and Local Capacity grants, HHS Hospital Preparedness grants, HHS training and curriculum development, National Disaster Medical System, and Medical Reserve Corps

Sources: A Unified Security Budget for the United States, 2008 (Washington, DC, April 2007); U.S. House of Representatives, House Amendment to Senate Amendment to HR 2764: Division E – Homeland Security Appropriations Bill – 2008 (<http://www.rules.house.gov/110/text/omni/jes/jesdive.pdf>) and Division C – Energy-Water Appropriations Bill – 2008 (<http://www.rules.house.gov/110/text/omni/jes/jesdivc.pdf>); Office of Management and Budget, Budget of the United States Government Fiscal Year 2009: Analytical Perspectives (Washington, DC, February 2008); Department of Health and Human Services, “FY2009 Budget In Brief,” (Washington, DC, February 2008); and Department of Homeland Security, “Budget-in-Brief Fiscal Year 2009,” (Washington, DC, February 2008)

- “The federal government has stockpiled only 6,000 treatment courses of pediatric antivirals for influenza. There are 73.6 million children in the U.S. Beginning in 2008, several lots of the anthrax vaccine...will begin to expire.”³⁹

A recent survey of public health experts and local health officials by The Washington Post produced mostly critical comments about the federal government’s preparedness efforts with respect to pandemic flu, with many of these individuals indicating that federal plans “do not adequately account for the overwhelming strain an outbreak would place on hospitals and public health systems trying to cope with millions of ill Americans.”⁴⁰

According to the Office of Management and Budget, funding for all homeland security activities of the federal government went up by 6.7% from the final FY 2007 level to \$65 billion in FY 2008. Excluding the Department of Defense, the increase was 9.8%, from \$43.3 billion in FY 2007 to \$47.6 billion in FY 2008. The Department of Homeland Security, which alone accounted for over two-thirds of the non-defense homeland security funding, received a 10.8% increase.⁴¹

The FY 2008 Unified Security Budget had recommended just under \$15 billion in increases over the Bush administration’s proposed budget for selected, high-priority homeland security programs. Congress subsequently added approximately \$1.75 billion of the USB-requested sums, leaving the final funding level for the programs over \$13 billion below our recommended total. The major deficits were in Health and Human Services public health security infrastructure programs (-\$5 billion), rail and transit security (-\$3.1 billion), DHS first responder grants (-\$1.7 billion) and airport in-line screening equipment (-\$1.2 billion). The final funding level for container security programs was slightly above the Unified Security Budget’s recommendation (+ \$40 million).⁴²

THE BUSH ADMINISTRATION’S FY 2009 HOMELAND SECURITY BUDGET

The Bush administration’s proposed FY 2009 budget for non-DOD homeland security programs was \$48.66 billion, an increase of \$1.11 billion, or 2.3%, over the FY 2008 total (with enacted and requested supplemental and emergency funding added to the latter).⁴³

Looking at total funding—combining homeland security and non-homeland security functions—the Department of Homeland Security would receive \$50.5 billion under the Administration’s FY 2009 proposal, representing a 6.8% increase over the Department’s final FY 2008 budget. Among the DHS agency-level highlights:

- U.S. Customs and Border Protection receives over half (\$1.63 billion, an 18% increase over FY 2008) of the proposed \$3.2 billion department-wide addition, with \$442 million of the increase allocated for the hiring, training and equipping of 2,200 new Border Patrol agents;
- FEMA is recommended for a \$1.04 billion (19%) increase, including \$213.5 million in support of FEMA Vision Phase II to improve agency workforce capabilities, technology and management;
- The Coast Guard is budgeted for a \$605 million (7%) overall boost, with a total of \$990 million proposed for modernization of its aircraft and largest sea-going ships;
- The Transportation Security Administration’s total funding is to grow by \$282 million (4%), but \$426 million of the agency’s budget is to come from a \$0.50 per enplanement rise in the passenger aviation security fee. This fee increase, which has been rejected by two prior Congresses, would be used to raise funding for the checked baggage screening system to \$1.2 billion and accelerate the deployment of in-line systems; and,
- Grants for first responders, transportation and infrastructure protection, and Assistance to Firefighters would be cut by 47% (\$1.92 billion) under Bush’s proposed FY 2009 budget.⁴⁴

The bioterrorism and emergency preparedness programs within the Department of Health and Human Services would receive a \$205 million (5%) increase under the proposed FY 2009 budget, most of which goes to a \$148 million boost in funding for advanced research and development within the Department’s office of the Assistant Secretary for Preparedness and Response (ASPR). However, both ASPR’s hospital preparedness grants and the Centers for Disease Control and Pre-

vention’s (CDC) state and local capacity grants—the foundation of federal assistance for local public health preparedness already suffering cutbacks—would be reduced further under the Administration’s latest budget (by \$62 million and \$137 million respectively).⁴⁵

HOMELAND SECURITY RECOMMENDATIONS

As in last year’s Unified Security Budget, priority is given in our FY 2009 recommendations to steps that can be effectively implemented by existing federal and on-federal entities (i.e. none of the proposals is predi-

TABLE 9: SELECTED DHS AND HHS STATE AND LOCAL GRANT PROGRAMS				
Program	(figures in millions)	FY 2008 (Final)	FY2009 (Admin)	Change
State Homeland Security Grants		1,015	200	-815
Citizen Corps		15	15	0
Urban Area Security Initiative		890	825	-65
Emergency Management Performance Grants		300	200	-100
Metropolitan Medical Response System		41	0	-41
Port Security Grants		400	210	-190
Public Transportation Security Grants		400	175	-225
Bus Security Grants		12	12	0
Trucking Industry Security Grants		16	8	-8
Buffer Zone Protection/REAL ID		100	0	-100
National Security/Terrorism Prevention		0	110	+110
Other DHS ¹		360	145	-215
Upgrading State and Local Capacity (CDC)		746	609	-137
Hospital Preparedness Grants		423	362	-62
TOTAL		4,718	2,871	-1,847

1 Includes State and Local Training Programs, Technical Assistance, National Exercise Program, CEDAP, and Evaluations Program.

Sources: Office of Management and Budget, Budget of the United States Government Fiscal Year 2009: Appendix (Washington, DC, February 2008), pp. 514-516; and Department of Health and Human Services, 2009 Budget In Brief (Washington, DC, February 2008), p. 111.

cated on major organizational change), and that confer ancillary benefits that will contribute to the nation's well-being over and above their counter-terrorism effects. For example, a large addition to rail and transit security would not only strengthen the capabilities of local transit systems to respond to a terrorist attack, but would also improve the safety of passengers against traditional criminal activities.

This year's Unified Security Budget calls for \$16.3 billion in high-priority additions to the Administration's FY 2009 proposal.

STATE AND LOCAL PREPAREDNESS

The White House report on *The Federal Response to Hurricane Katrina: Lessons Learned* noted, "The Federal government cannot and should not be the Nation's first

responder. State and local governments are best positioned to address incidents in their jurisdictions and will always play a large role in disaster response."⁴⁶

Similarly, a 2007 Congressional Research Service analysis reported, "States are the seat of most authority for public health emergency response. Much of the actual work of response falls to local officials." And the Centers for Disease Control and Prevention's "Influenza Pandemic Operation Plan" explicitly states, "The initial responsibility for a domestic pandemic response rests with State, Local, Territorial, and Tribal authorities."⁴⁷

In spite of recognizing the lack of sufficient first responders at the federal level, the Bush administration has failed to step up federal funding for these first responders to correct this shortfall. As demonstrated in Table 3, the four key programs for state and local emergency and public health preparedness are slated to be

TABLE 10: SUMMARY OF USB FY 2009 HOMELAND SECURITY RECOMMENDATIONS
(figures in millions)

Program	Administration Request	Proposed Change
DHS First Responder Grants	1,240	+ 3,760
HHS Public Health Infrastructure/Workforce Capacity	1,037	+ 5,000
Pandemic Flu Preparedness	820	+ 380
CDC Infectious Disease Control/Global Health	486	+ 514
In-line Airport Checked Bag Screening	774*	+ 1,200
Coast Guard Homeland Security Operations	2,593	+ 400
Port Security Grants	210	+ 190
Rail and Transit Security Grants	175	+ 3,325
Surface Transportation Inspectors/Canine Teams	25	+ 25
Transportation Security Training	na	+100
Chemical Site Security	63	+ 1,437
TOTAL PROPOSED ADDITIONS	—	+16,331

* Excludes \$426 million in proposed passenger security fee increases

cut by over \$1 billion compared to the FY 2008 level, which itself represented a decline from previous years.

The Chairman of the Senate Committee on Homeland Security and Governmental Affairs, Senator Joseph Lieberman (I-CT), strongly questioned the Administration's FY 2009 proposals at a February 14, 2008 hearing:

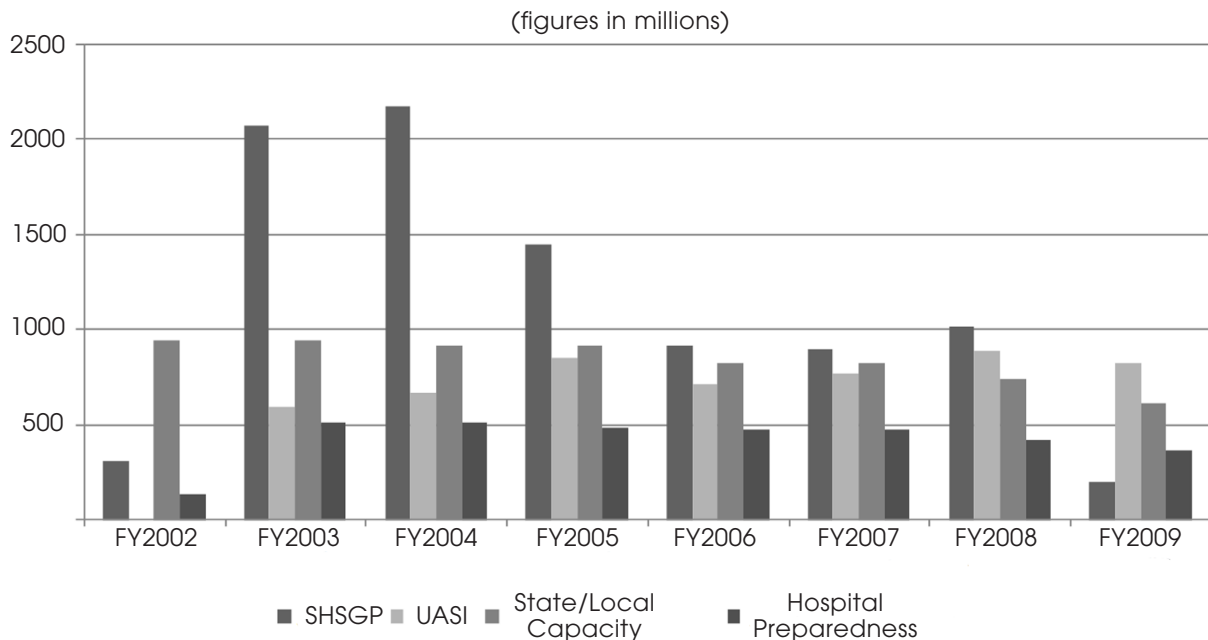
“For the fifth consecutive year, the Administration proposes to slash funding for these grants that communities across the country depend on to pay for their homeland security needs. Without these grants, the nation's first responders cannot capably partner with the federal government to prevent attacks or respond effectively when disaster strikes...[There is] no evidence the threats against us have diminished or that state and local first preventers and first responders are nearly as prepared as they need to be.”⁴⁸

DHS FIRST RESPONDER PROGRAMS—Increase the Bush administration's FY 2009 request for (State Homeland Security Grants, Citizen Corps, Urban Area Security Initiative, Emergency Management Performance Grants, and Metropolitan Medical Response System) by \$3.76 billion, to \$5 billion.

P.J. Crowley of the Center for American Progress wrote, “The White House's February 2006 post-Katrina report listed 125 lessons learned; a reduction in federal support to first responders was not one of them.” However, with the exception of a one-time infusion of \$1 billion for interoperable communications grants in its FY 2008 budget proposal, the Bush administration has called for sharp reductions in overall funding for first responder grants in the years since Katrina.⁴⁹

In addition to the total level of funding, we continue to be concerned about the allocation of the monies provided. While the enactment of HR 1 has resulted in some increase in the proportion of State Homeland

FIGURE 4: KEY STATE AND LOCAL HOMELAND SECURITY GRANT PROGRAMS FY 2002-2009



SHSGP=State Homeland Security Grant Program UASI=Urban Area Security Initiative State/Local Capacity=CDC Upgrading State and Local Capacity Grants Hospital Preparedness=Hospital Preparedness Grants. SHSGP includes Law Enforcement Terrorism Prevention Program for FY2004-2007. (Program was discontinued in FY2008.) FY2002-2008 figures represent final appropriated level. FY2009 is the Administration's request.

Sources: Department of Homeland Security, FY 2007 Homeland Security Grant Program (Washington, DC, 2007); Department of Homeland Security, Budget-in-Brief Fiscal Year 2009, (Washington, DC, February 2008); Department of Health and Human Services, Budget In Brief: 2003, 2004, 2005, 2006, 2007, 2008, 2009 (Washington, DC, 2002-2008).

Security Grants awarded based on risk assessment, the same law potentially diluted the risk-based targeting of appropriations by expanding eligibility for funds and including these sums in the minimum state grant. DHS's capability to arrive at sensible determinations of relative risk remains at issue. For example, a recent Department of Homeland Security-funded study of vulnerability to terrorist attacks ranked Boise, Idaho as the most vulnerable urban area in the western United States, well ahead of Los Angeles, San Francisco, and Seattle. Though DHS insisted that these particular results would not be used in the grant-making process, recalling the 2006 assessments that resulted in substantial reductions in funding for New York City and Washington, DC, they do raise again the question of exactly how DHS is making its determination of risk. Therefore, we reiterate our proposal from the FY 2008 Unified Security Budget that "a study...be organized by the National Academies of Science to: a) evaluate all current federal homeland security grant programs and determine what proportion of each is currently being allocated on a risk assessment basis...and b) recommend to Congress and the Administration how such programs should be restructured in order to maximize the use of risk-based allocation."⁵⁰

The proposed level of funding will enable state and local emergency response agencies to better fulfill the substantial all-hazards responsibilities envisioned for them in federal disaster planning.

HEALTH AND HUMAN SERVICES PUBLIC HEALTH INFRASTRUCTURE AND WORKFORCE CAPACITY—*Increase Administration request for key programs (CDC State and Local Capacity grants, Hospital Preparedness grants, and HRSA Health Professions programs) by \$5 billion, to \$6 billion.*

These programs have experienced little or no real growth in funding since FY 2003, and the Administration's FY 2009 proposal would cut them by 58%. Yet, the White House's own report on lessons learned from Katrina noted that, "Most local and state public health and medical assets were overwhelmed," partly as a result of "weak state and local public health infrastructures." The University of Pittsburgh Medical Center's Center for Biosecurity calculated that for U.S. hospitals to cope with a biological disaster on the scale of the 1918 flu pandemic, the hospital preparedness grant program—which has never been funded above \$515 million in a year—would need to provide an initial infusion of \$5 billion and an ongoing, annual appropriations level of \$1 billion to maintain the necessary level of readiness.⁵¹

A September 2006 analysis by the American Public Health Association, entitled "The Public Health Workforce Shortage: Left Unchecked, Will We Be Protected?" reported:

"Despite the importance of public health to the health of our society, this workforce is facing critical challenges, namely a precipitous decline in numbers and resources. The most severe shortages are found in the epidemiology, nursing, laboratory science and environmental health fields."⁵²

These are the key professions that would be central to any attempt to quickly identify, respond to and contain any disease outbreak, whether naturally occurring or produced by an act of terrorism.

The proposed funding level would allow for a significant upgrade in the public health infrastructure and workforce, as called for by numerous groups and individuals, inside and outside the federal government, including the Trust for America's Health, the American Public Health Association, the Center for Biosecurity, the director of the Centers for Disease Control and Prevention, and President Bush's own National Strategy for Public Health and Medical Preparedness, issued in October 2007, which called for the federal government to "formulate a comprehensive plan for promoting community public health and medical preparedness to assist State and local authorities in building resilient communities in the face of potential catastrophic health events."⁵³

Infectious Disease Control

In January of 2000, the U.S. intelligence community produced a National Intelligence Estimate on "The Global Infectious Disease Threat and Its Implications for the United States." It concluded that, "New and reemerging infectious disease will pose a rising global health threat and will complicate U.S. and global security over the next 20 years." The report went on to observe that deaths in the U.S. from infectious diseases had doubled to 170,000 a year since reaching an historic low in 1980, and that "the economic costs of infectious diseases...are already significant and their increasingly heavy toll on productivity, profitability and investment will be reflected in growing GDP losses."⁵⁴

Such concerns were amplified by the emergence in the late 1990s of a new flu strain among birds in Southeast Asia that became transmissible to humans in rare

cases and has resulted in nearly 200 deaths since 1997. The 2007 World Health Report from the World Health Organization (WHO) cited estimates that if this avian flu develops the capability to more easily spread among people, it could affect 25% of the world's population—or more than 1.5 billion individuals—with a dramatic impact “on national and international public health, and on economic and political security.”⁵⁵

Turning to the potential domestic implications of a flu pandemic, the Trust for America's Health reported:

“The U.S. would be impacted by the global implications as soon as a pandemic outbreak occurred in any part of the world due to the interdependence of economies. Sectors, such as hospitals and the healthcare sector... would feel immediate repercussions and supply shortages. Travel restrictions...and other measures taken to limit the spread of disease would also have rapid and far reaching repercussions. Since a pandemic could likely result in political and economic destabilization, particularly in developing countries, it poses serious national security concerns for the U.S.”

It further noted that some estimates predict that such a pandemic could produce over 500,000 deaths, result in two million hospitalizations, and cause \$100 billion or more in economic losses in the United States.⁵⁶

With such high stakes, it is surprising that federal support for pandemic influenza and other infectious disease control efforts “has been inconsistent and unpredictable.”⁵⁷

In cutting the Administration's FY 2008 proposed budget for pandemic flu preparedness by almost \$900 million, House and Senate appropriators reported, “The Appropriations Committees continue to support the [Health and Human Services] Department's pandemic preparedness activities, but note that approximately \$1.2 billion remains available to be obligated from funds provided in prior appropriations for pandemic influenza preparedness.”⁵⁸

The aforementioned *Washington Post* survey of public health authorities uncovered numerous concerns about the adequacy of federal funding to date, which has mostly been used for the research and development, with little expended for state and local preparedness.

The executive director of the National Association of County and City Health Officials stated, “The amount going into actually being prepared at a community level is not enough. We are still talking about rearranging with little additional resources the assets of a system now that you have significant amounts of people without access to care, and hospitals that are periodically shutting down their ERs and the like.”⁵⁹

PANDEMIC INFLUENZA PREPAREDNESS—*Increase the Bush administration's FY 2009 request by \$380 million, to \$1.2 billion, as called for by the Trust for America's Health.*⁶⁰

The additional funding, as well as a significant portion of any remaining unobligated balances from previous years, should be specifically allocated for improving surge capacity at the local, state and regional levels.

CENTERS FOR DISEASE CONTROL AND PREVENTION—*Double the Bush administration's request (from \$486 million to \$1 billion) in FY 2009 for key programs for national and international infectious disease control (Prevention, Detection, and Control of Infectious Diseases; Zoonotic, Vector-Borne, and Enteric Diseases; Global Health).*

These programs, which are central to efforts to beef up international infectious disease control activities, have suffered significant cuts in recent years, with the Bush administration proposing another \$34 million reduction in FY 2009.⁶¹

The importance of the international level was acknowledged in CDC's 2002 Global Infectious Disease Strategy, which stated, “It is not possible to adequately protect the health of our nation without addressing infectious disease problems that occur elsewhere in the world.” But healthcare facilities, diagnostic tests and communications networks are non-existent or seriously inadequate in many low-income countries in Africa, Asia and elsewhere, and there has been limited funding for implementation of the World Health Organization's new International Health Regulations for global disease surveillance and response.⁶²

The proposed level of funding would allow for accelerated progress in improving international preparedness capabilities for a wide range of potential infectious disease threats.

TRANSPORTATION SECURITY AND CRITICAL INFRASTRUCTURE PROTECTION

As noted previously, a number of recent reports on the federal government's progress in homeland security have found variable levels of achievement. For example, the August 2007 GAO report on the Department of Homeland Security indicated "substantial" progress in maritime security, but only "moderate" improvements in aviation security, surface transportation security, and critical infrastructure protection (though the last two were based on such a limited number of measures as to be of somewhat limited comprehensiveness).⁶³

IN-LINE AIRPORT CHECKED BAG SCREENING—

*Increase the Bush administration's FY 2009 request for deployment of optimal, in-line checked baggage and cargo screening equipment for passenger aircraft by \$1.2 billion, to \$2 billion.*⁶⁴

The FY 2008 Unified Security Budget noted the significant security and efficiency advantages from the integration of screening equipment into conveyor systems within the baggage handling area at airports, but that current funding levels would not allow for the full deployment of such systems until 2024. Without the proceeds from the somewhat dubious security fee increase, the Administration's budget would actually represent a slowing of this timeline, which we believe is unacceptable.⁶⁵

The proposed funding level will provide for a significant acceleration of the current schedule for deployment of in-line screening systems.

COAST GUARD HOMELAND SECURITY OPERATIONS—

Increase the Bush administration's FY 2009 request for Coast Guard Ports, Waterways, and Coastal Security by \$400 million, to \$3 billion, and for Port Security Grants by \$190 million, to \$400 million.

Though the Coast Guard overall is to receive a 7% increase in funding, most of this is slated to go to the Deepwater Program that is designed to replace or modernize its vessels, aircraft and communications systems. While undoubtedly necessary given the Coast Guard's expanded homeland security role, the Deepwater Program has been beset with a number of problems, and the service faces many challenges in meeting its homeland security responsibilities that are unrelated, or only partially related, to ship and aircraft procurement. As identified by GAO, these include:

- Increasing security inspections of domestic maritime facilities;
- Expanding its International Port Security Program for assessing and making recommendations for security improvements at foreign ports;
- Meeting additional security requirements caused by the expansion of Liquefied Natural Gas (LNG) terminals;
- Establishing additional interagency operational centers; and,
- Updating area maritime security plans.⁶⁶

In spite of Congressional findings of hundreds of millions of dollars of unmet port security needs, culminating in the SAFE Port Act of 2006's annual authorization level of \$400 million for port security grants, the Bush administration's budget calls for a sharp reduction in such grants.

The proposed funding would enable the Coast Guard to better meet its increasing operational responsibilities for homeland security, and would fully fund the Port Security Grant program at its authorized level.

SURFACE TRANSPORTATION INSPECTORS/CANINE TEAMS—

Increase the Bush administration's FY 2009 requests for rail and transit security grants (by \$3.3 billion, to \$3.5 billion) and surface transportation security inspectors and canine teams (by \$25 million, to \$50 million).

These recommendations match last year's Unified Security Budget recommendations and reflect the continuing mismatch between terrorists' demonstrated interest and ability to target this mode of transportation (as reflected by the Madrid and London attacks) and the very limited federal investments in rail and transit security to date.⁶⁷

The proposed funding level would allow major passenger rail and transit systems to implement the 17 baseline security action items developed by the Transportation Security Administration and the Federal Transit Administration, and enable TSA to more adequately conduct security inspections of these systems. (Both of these areas were cited as deficient in the August 2007 GAO progress report on the Department of Homeland Security.)⁶⁸

SECURITY TRAINING FOR TRANSPORTATION WORKERS—Consolidate security training for transportation workers either as an independent office within DHS or as some form of public-private consortium that would develop training standards, select (and fund) trainers, and evaluate training results, and provide first-year funding of \$100 million.

Last year's Unified Security Budget observed,

Despite growing attention to the need for enhanced security training for all transportation workers...little has been done to evaluate the content or the effectiveness of the security training currently being provided.⁶⁹

The only significant development with respect to security training over the past year was in the *Implementing the 9/11 Commission Recommendations Act of 2007's* authorization for separate security training programs for mass transit (Section 1408), railroad (Section 1517) and intercity bus (Section 1534) workers.

Leaving ultimate responsibility for transportation security programs in the hands of the owners of those systems was seen by the 9/11 Commission as a problematic feature of the pre-9/11 aviation security system:

“In the pre-9/11 security system, the air carriers played a major role. As the Inspector General of the Department of Transportation told us, there were great pressures from the air carriers to control security costs and to ‘limit the impact of security requirements on aviation operations, so that the industry could concentrate on its primary mission of moving passengers and aircraft...Those counterpressures in turn manifested themselves as significant weaknesses in security.’”⁷⁰

The 2007 GAO progress report on DHS reiterated findings from its 2005 report on the subject that “TSA had not established strategic goals and performance measures for assessing the effectiveness of the training because it considered its role in the training program as regulatory. We also noted that TSA lacked adequate controls for monitoring and reviewing air carriers’ crew member security training.”⁷¹

The proposed reorganization and funding level would provide for more coordinated, focused, accountable and prioritized security training than is possible in the current system.

NUCLEAR PLANT SECURITY—Improve spent fuel storage security at nuclear power plants. Provide \$700 million each year, starting in FY 2009 and continuing for as long thereafter as necessary to transfer all spent fuel held at nuclear power plants from wet to dry storage within five years of the fuel's discharge.

Concerns about attacks against nuclear power plants have focused on spent reactor fuel pools, which, unlike the reactor cores, are not surrounded by heavy structures and thick containment. The largest concentrations of radioactivity in the world are stored in these pools at the nation's commercial reactors.

A loss of water exposing spent fuel could trigger a catastrophic fire. Nearly all U.S. nuclear plants have storage pools with densely compacted spent fuel. Once such fuel is exposed to air and steam, the zirconium fuel cladding would catch fire at about 1,000 degrees Centigrade and release potentially catastrophic amounts of radioactivity into the environment.

Spent fuel pools on the average hold five-to-ten times more long-lived radioactivity than a reactor core. In 2003, an independent study concluded that the NRC should not rule out a terrorist attack and that the potential consequences resulting from pool drainage and a subsequent fuel cladding fire could be severe.⁷²

To reduce both the consequences and probability of a spent-fuel-pool fire, we propose that all spent fuel be transferred from wet to dry storage within five years of discharge. The cost of on-site dry-cask storage for an additional 35,000 tons of older spent fuel is estimated at \$3.5—\$7 billion or 0.03—0.06 cents per kilowatt-hour generated from that fuel. The transfer to dry storage could be accomplished within a decade. Nations like Germany have been protecting spent power fuel against terrorist attacks using dry, hardened storage modes for some 20 years.

CHEMICAL SITE SECURITY—Increase the Bush administration's FY 2009 request for the chemical site security program by \$1.4 billion, to \$1.5 billion.

To address some of the shortcomings outlined above in the current federal chemical site security effort, the House Committee on Homeland Security in March reported out HR 5577, the Chemical Facility Anti-Terrorism Act of 2008. The proposed legislation, which is still pending in the House, would:

- Require high-risk chemical sites to use safer materials or processes that would minimize the consequences of a terrorist attack, provided the changes do not simply shift the risk burden elsewhere, are technically feasible and are cost-effective;
- Cover approximately 3,000 drinking water and wastewater treatment facilities that are currently exempt from the chemical security program;
- Provide for chemical worker involvement in the development of security assessments and plans, and for whistleblower protections;
- Eliminate the authority for federal regulations to pre-empt stronger state requirements; and,
- Establish a security training program for chemical facility workers.

To carry out these requirements, the bill would authorize \$325 million in the first year, of which \$100 million is to be used “to help defray the cost of implementing methods to reduce the consequences of a terrorist attack to covered chemical facilities that are required by the Secretary [of DHS] to implement such methods or that voluntarily choose to implement such methods.” In its cost estimate for HR 5577, the Congressional Budget Office reported, “CBO expects that the aggregate direct cost of [the private sector] complying with [HR 5577’s] mandates would likely exceed” the \$100 million authorized by the bill to cover such costs.⁷³

The recommended funding level would accommodate the enactment of HR 5577 as well as allow for an expansion of the existing chemical security office within DHS, the creation of regional offices and the provision of additional assistance for private sector compliance. The latter is recommended in the belief that the national security benefits to be derived from such compliance justify the federal government paying a fair share of the costs, as is now done in aviation and other sectors.

Conclusion

The year ahead will be a time of great transition. The idea we have been promoting for five years now—of a less militarized foreign policy, solidified by a rebalanced security budget—has taken hold this year across a broad swath of the foreign policy establishment. It is time now to take it out of the realm of rhetoric and see that it becomes budgetary reality.

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