FEDERAL OVERSIGHT AND ACCOUNTABILITY FOR STATE FUSION CENTERS

by
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A capstone project submitted to Johns Hopkins University in conformity with the requirements for the degree of Master of Arts in Public Management

Baltimore, Maryland
April, 2018

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Abstract

The recent increase in homegrown terrorist activity in the United States highlights a significant shortage of good, strategic analysis for the purpose of combating domestic terrorism and homegrown extremism. This activity is occurring under the purview of fusion centers, which were designed to prevent terrorism after the September 11th attacks were blamed on a lack of information sharing and collaboration. Only 15 percent of fusion centers focus exclusively on counterterrorism. The main critique of fusion centers has been that with limited resources and budgets, the all-crimes focus is hindering the ability to identify domestic terrorists.

This paper examines and weighs the policy and political implications of a proposal to increase by 30 percent the number of fusion centers who exclusively focus on terrorism-related issues. To achieve this goal, Congress will pass a bill to increase the amount of funds States are eligible for under the Homeland Security Grant Program in return for a restructuring and reprioritizing of state fusion centers under the U.S. Department of Homeland Security. Policy-wise, despite limitations on the increase in available funding, fusion center dependence on federal funding is significant enough to warrant the proposal. From the political perspective, the proposal is likely to be supported by New Yorkers, owing in part to New York City’s profile as a target for terrorist attacks and New York lawmakers historical strong, bipartisan support for increasing counterterrorism funding. Perhaps a more salient justification for this proposal is the understanding that, regardless of the outcome of this policy, the U.S. Department of Homeland Security will continue supporting fusion centers. Because the proposal is analyzed to be effective and politically advantageous, its implementation is recommended.

Advisor: Dr. Paul Weinstein
ACKNOWLEDGEMENTS

I would to thank my patient wife Jamie Gaudet and son Elijah Gaudet for putting up with long nights of studying and reading. Success in this endeavor would have eluded me without your support and understanding. Finally, I wish to thank my Mother, Gail Gaudet, for never accepting academic mediocrity and instilling a love of learning.
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MEMORANDUM

TO US CONGRESSMAN PETER KING
FROM Micah J. Gaudet
SUBJECT Federal Oversight and Accountability for Fusion Centers

I. Action-Forcing Event

Before the U.S. House Judiciary Committee, FBI Director Christopher Wray asserted that domestic and homegrown extremism were the FBI’s priorities for 2018.¹ From Las Vegas to Orlando, lone-wolf attacks, have recently been a modus operandi for both domestic terrorism and homegrown extremism. In the December 7, 2017 statement to the U.S. House Judiciary Committee, Director Wray listed homegrown extremism and the Islamic State as the top terrorism threats to the homeland.²

II. Statement of the Problem

There has been a significant increase in homegrown terrorist activity in the United States in recent years. This disturbing trend highlights a significant shortage of good strategic analysis for the purpose of combating domestic terrorism and homegrown extremism. Intelligence is designed to counter threats to public safety, including terrorism.³ However, at the state and local levels,


² Ibid

fusion centers are not providing policymakers with strategic intelligence for countering domestic terrorism and homegrown violent extremism.

In their annual report, the Anti-Defamation League point to an alarming trend in domestic extremist killings, noting that for every reported murder or assault, there are dozens more unreported assaults and harassments. The Southern Poverty Law Center referenced an addition of 25 hate groups in the United States from 2015 to 2016. Figure 1 from the Anti-Defamation League show the 5 deadliest years for domestic extremist killings from 1970-2017, the years of 2015-2017 are included in that top five list. The House Homeland Security Committee documented 150 homegrown jihadist cases in America over the previous half-decade. There is a clear increase in homegrown extremism and domestic terrorism activity in the United States. This activity falls under the noses of fusion centers. Intelligence collection within the United States is constrained by the limitations placed on the Intelligence Community by the

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Constitution and regulations such as the Foreign Intelligence Surveillance Act. The result is a sizeable gap in intelligence, which must be filled by state and local intelligence agencies.

Fusion centers were designed to prevent terrorism, after the September 11, 2001 attacks were blamed, in part, on a lack of information sharing and collaboration by intelligence agencies.8

Fusion Center Guidelines defines fusion centers as “a collaborative effort of two or more agencies that provide resources, expertise, and information to the center with the goal of maximizing their ability to detect, prevent, investigate, and respond to criminal and terrorist activity.”9 They are the hub for compiling, analyzing, and disseminating threat-related information to and from federal, state, local, tribal, and private-sector partners. In the pamphlet, The Role of Fusion Centers in Countering Violent Extremism, it is asserted that fusion centers play an important role in countering violent extremism, as they “empower frontline personnel to understand . . . national intelligence by tailoring national threat information into a local context and helping frontline

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personnel understand terrorist . . . threats. . .”\textsuperscript{10} The Department of Homeland Security classifies fusion centers as either \textit{primary} or \textit{recognized}. Primary fusion center focuses on its entire state and are often owned and operated by the state, while a recognized fusion center focuses on a specific major urban area and are owned and operated by local authorities.\textsuperscript{11} Figure 2 shows a map of the 54 primary (includes Guam, Puerto Rico, US Virgin Islands, and Washington D.C.) and 25 recognized fusion centers.\textsuperscript{12} Now, over a dozen years past September 11\textsuperscript{th}, strategic intelligence remains critical. However, after a thirteen-month review, the US Senate Permanent Committee was unable to find reporting where a fusion center interdicted or discovered a terrorist threat.\textsuperscript{13} With many successful terrorist attacks occurring due to a failure to connect the dots,\textsuperscript{14} there is an apparent lack of a comprehensive counterterrorism strategy driven by state and local fusion centers.”\textsuperscript{15}

\textbf{III. History and Background}

In the months leading up to September 11, 2001 the U.S. intelligence agencies identified a possible al-Qaeda plot against the United States, and an August 3, 2001 Presidential Daily Briefing specifically mentioned Osama Bin Laden and a desire to weaponize airplanes.\textsuperscript{16} The


\textsuperscript{12} \textit{Ibid}


\textsuperscript{15} Edmonds Stone, Kelley. 2014. \textit{Creating an Information Sharing and Analysis Center: A Case Study of the North Central Texas Fusion Center}. Doctoral dissertation, Dallas, TX: The University of Texas at Dallas.

tragic failure in information sharing and comprehensive analysis codified in the 9/11 Commission report ultimately resulted in the establishment of the Department of Homeland Security and the creation of fusion centers. According to Garber, September 11th “shifted the government's focus on preventing and preparing for terrorist attacks at both a national level and a local level” and pushed counterterrorism “down to local levels of government.” The goal of fusion centers, as Policy Analyst Dana Dillon at the Heritage Foundation pointed out, is to “be able to look at all available pieces of the terrorist puzzle and provide . . . a comprehensive and timely analysis.”

Fusion centers have a complicated history. Over the last decade, the mission of the fusion center evolved from counterterrorism to an all-crimes focus. As the Director of the Indiana Intelligence Fusion Center Charles Cohen notes, “[The fusion center has] evolved into all crimes and an all threats environment. So essentially, the fusion center is not operational – meaning the fusion center doesn’t do criminal investigations; it doesn’t do counter-terrorism investigations.” The all-crimes focus has been beneficial to create buy-in from local law enforcement, who can be otherwise distrustful of state interference. Being able to advertise the intelligence services of a state fusion center to small, budget-constrained, police department, goes a long way in building relationships with those who are likely the first to interact with a suspected terrorist. The missional challenges associated with fusion centers should not be confused for failure. There is a reason that fusion centers have evolved into an all-crimes focus. Scholars and authors view the emergence of intelligence lead policing or the all-crimes approach as “either a component of the homeland security function to enhance post-9/11 policing or driven by homeland security as a

17 Need Citation


result of funding incentives.”20 Both the Department of Justice and Department of Homeland Security have repositories of allegorical success stories of the all-crimes approach. Ken Dilanian in an *LA Times* article writes about a fusion center’s role interdicting pallet thieves, but he also realizes, “Cracking down on pallet thieves wasn’t quite the mission envisioned for “fusion centers. . .”21 Fusion centers largely evolved from state police intelligence units because they received much greater resources and mandates in the wake of September 11th. Their evolution was intertwined with the High Intensity Drug Trafficking Area units that preceded them and with the responses to massive natural disasters like Hurricane Katrina. Consequently, "the fusion center movement did not occur in a vacuum and can be best understood as the continuum of a mounting tide.”22 The fusion center has "emerged as the fundamental process to facilitate the sharing of homeland security-related and crime-related information and intelligence."23 On estimate, only 15 percent of fusion centers exclusively handle issues specifically related to terrorism, write Perrine, Speirs, and Horwitz who go on and assert that fusion centers "have increasingly gravitated to an all-crimes . . . approach.24 The main critique of fusion centers has been the quality of the information shared. Put succinctly, there is concern that with the limited resources and budgets available to fusion centers, the all-crimes focus is crowding out the ability to identify domestic terrorists, like the two members of the Sovereign Citizens Movement from

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Ohio who gunned down two police officers at a traffic stop in West Memphis, Arkansas. Former FBI Special Agent and fellow with the Brennan Center for Justice Michael German views this evolution of the fusion center’s mission from counterterrorism to all-crimes as “mission creep.” While it is completely unfair to assign blame on fusion centers for every act of homegrown and domestic terrorism, the recent rise of politically and ideologically motivated violence occurring right under the noses of fusion centers is concerning. To show the increase in domestic and homegrown terrorism without being distracted by the details of each incident, Figure 3 from the Anti-Defamation League displays the increasing lethality of domestic and homegrown terrorism, while Figure 4 is the Terror Threat Snapshot from the U.S. House Homeland Security Committee, which plots a map of jihadist-related attacks on American soil since September 11th. The icons in orange represent attacks carried out by homegrown violent extremists.

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Even after the inauguration and implementation of fusion centers, America still experiences events which test the robustness of our counter-terrorism and information sharing enterprises. In the post-September 11th United States, the Boston Marathon Bombing is one of the most infamous terrorist attacks on American soil, and, as did the World Trade Towers and Pentagon attacks, the Boston Marathon Bombings also highlighted the need for improvements in information sharing and for a results-oriented homeland security grant program. After the bombings, the Department of Homeland Security Office of Inspectors General determined that neither the Department of Homeland Security nor the Federal Bureau of Investigation personnel on the Boston Joint Terrorism Task Force provided the Massachusetts fusion center with documents or other information regarding the Tsarnaev brothers before the attack.27 U.S. Representative from Texas and chairman of the House Committee on Homeland Security Michael McCaul inquired, “Here we are, 12 years later; we put billions of dollars into this [fusion centers]. Why are we still having problems connecting the dots?”28 In a Senate Hearing before the Committee on Homeland Security and Governmental Affairs after Boston attack, Arthur Kellermann from RAND Corporation cautioned that the “federal government’s [grant] monitoring effort has focused more on structure (facilities, equipment and supplies) and process (i.e., the number and type of people hired, trainings held) than on desired outcomes – the


capabilities local and state
governments must have to
successfully manage a disaster or
terrorist attack.” Kellerman
recommended a results-focused
grant making process.

IV. Policy Proposal

The goal of this proposal is to increase by 30 percent the number of fusion centers who exclusively focus on terrorism-related issues (homegrown violent, lone-offender, domestic, and international extremism) and not an all-crimes or all hazards approach. This would mean that at least 15 of the 50 state fusion centers would focus on issues specific to terrorism. In order to meet this objective, 65 percent of products developed by fusion centers in a fiscal year must have a terrorism nexus. To achieve this goal, Congress will pass a bill to increase the amount of funds States are eligible for under the Homeland Security Grant Program in return for a restructuring and reprioritizing of state fusion centers. The fusion centers, themselves, will remain under their current organizational structure, but will report to the Department of Homeland Security regional representative (see figure 4). The additional grant monies will only be available to fusion centers, where over 65 percent of products (Suspicious Activity Reports, Requests for Information/Service, Bulletins, etc) in a fiscal year have a terrorism nexus. In a testimony before the House Counterterrorism and Intelligence Subcommittee, National Fusion Center Association President Mike Sena identified the need for fusion centers to be able to access sensitive and classified information, as well as a formalized process for reporting suspicious activity and

29 Ibid
submitting requests for information. To address these concerns, this restructuring will require states to submit requests for information or service and suspicious activity reports through the Homeland Security Information Network (HSIN) in order to streamline the process and create a repository of requests and responses for future analysis; the restructuring will also remove barriers to information sharing by ensuring that each state fusion center has access to a Homeland Security Data Network (HSDN) secure room for processing and analyzing classified information, and that each fusion center director has a Top Secret clearance. States will submit applications for the additional funding and include proof that the previous year’s reports met the 65 percent threshold and a letter from the Department of Homeland Security representative on the fusion center’s use of or progress acquiring HSIN and HSDN, and to address any region-specific concerns.

The Restructuring of State Intelligence Networks (RSIN), is a proposed amendment to the Homeland Security Act of 2002. The RSIN amendment would make states eligible for a 10 percent increase in Homeland Security Grant Program funding if they reprioritize and their state fusion center to meet the information sharing guidelines and product requirements addressed in the previous section. The Department of the Homeland Security Regional Representative will set the intelligence priorities for the fusion centers in their area of responsibility based on the threat makeup, type, and presence of critical infrastructure, community vulnerability, and community resilience. Fusion centers will identify the threats and vulnerabilities in their state, which will


31 According to DHS.gov, “HSIN is the trusted network for homeland security mission operations to share Sensitive But Unclassified information.” It is used to “manage operations, analyze data, send alerts and notices. . .” For more information, visit: http://dhs.gov/what-hsin

32 According to DHS.gov, HSDN allows “fusion center personnel with a federal security clearance [the ability] to access specific terrorism-related information resident on the DoD Secret Internet Protocol Router Network (SIPRNet)—a secure network used to send classified data.” For more information, visit: http://dhs.gov/news/2009/09/14/new-information-sharing-tool-fusion-centers-announced#wcm-survey-target-id
allow Department of Homeland Security to develop those region-specific intelligence priorities. Furthermore, fusion centers will be required to submit monthly progress reports on efforts to reduce vulnerability to terrorism, and on information gaps associated with their intelligence requirements, including justification of whether the gaps have been answered. The fusion center will still be staffed by State and local employees, allowing for a degree of autonomy, but the Department of Homeland Security will help set the direction and intelligence priorities, as well as streamline the report process, and provide better access to Federal information through HSIN and HSDN. This change is intended create a cohesive, comprehensive strategy for combating domestic terrorism and homegrown violent extremism.

Policy Authorization Tool

Legislation would be required to make this important policy change. It is recommended that the U.S. House Committee on Homeland Security Subcommittee on Intelligence and Counterterrorism and Subcommittee on Oversight and Management Efficiency introduce the RSIN amendment to Title XX – Homeland Security Grants, Homeland Security Act of 2002, as amended (6 U.S.C. § 603). Title XX is the guideline for Homeland Security Grants. As the RSIN amendment does not seek to make any changes to the funding source or amount of funds in the HSGP, Title XX of the Homeland Security Act of 2002 will be amended, instead of the current fiscal year’s Homeland Security Appropriations Act.

The Subcommittee on Intelligence and Counterterrorism is specifically commissioned to focus “on the capabilities of the Federal government . . . to identify and deter threats to the Homeland through the collection and sharing of counterterrorism . . . information. . .”33 This legislative

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group will be the catalyst behind the amendment. The Subcommittee on Intelligence and Counterterrorism drafts and introduces legislation on intelligence and counterterrorism, which uniquely positions the subcommittee to propose the RSIN amendment and see it through Congress. According to the House Homeland Security webpage, the Subcommittee on Oversight and Management Efficiency “focuses on probing homeland security programs and operations to promote efficiency . . .”34 As the body responsible for monitoring the management of DHS, the Oversight and Management Efficiency Subcommittee will draft the RSIN amendment to ensure its integrity with the Homeland Security Act of 2002. Having joint-committee sponsorship and input will create a strong piece of legislation, which will help propel it through Congress.

Under the current funding apparatus, Title XX of the Homeland Security Act of 2002, as amended, States are eligible to retain 20 percent of HSGP funding, while 80 percent is sent to local governments for preparedness projects.35 Of the 20 percent that States receive under the HSGP, only a quarter of that is specifically set aside for terrorism prevention and protection activities; this is often allocated to fusion centers. A total of $1,037,000 is available for funding to all States under the Fiscal Year 2017 Homeland Security Grant Program, of that sum, $402,000,000 is available under the State Homeland Security Program.36 The RSIN amendment does not seek to change any eligibility criteria for the Homeland Security Grant Program. However, it is an attempt to increase the amount of funding for terrorism prevention and protection activities and to set intelligence priorities based on regional threats and vulnerabilities.


The proposal would increase the amount of counterterrorism funding available to states and create a streamlined process for information sharing at the federal and state levels.

Policy Implementation Tool

The RSIN amendment is a carrot. It offers an increase in the amount of funding that States are eligible to receive under the Homeland Security Grant Program, in exchange for greater Department of Homeland Security management of fusion centers through regional representatives. This restructuring seeks to ensure an upward flow of strategic intelligence products from fusion center analysts, while the Department of Homeland Security disseminates strategic intelligence requirements to the “boots on the ground.” Although local and Tribal governments are eligible to receive Homeland Security Grant Program funding, the RSIN amendment specifically targets States. Local and Tribal intelligence centers would not be eligible for the reallocation of funding under the RSIN amendment. The amendment seeks to target states who have passed laws requiring balanced budgets and, as a result, are having to cut back essential programs to balance the State budget. This is not an attempt to incentivize cuts to state counterterrorism budgets, but rather to provide a baseline of terrorism prevention across each state. The RSIN amendment will ensure that counterterrorism efforts are not defunded due to State budget constraints.

The RSIN Amendment will go into effect in Fiscal Year 2020. This will allow participating States to restructure their fusion centers and provide time to meet the 65 percent product threshold and integrate into HSIN and HSDN. The timeline will also provide the Department of Homeland Security the opportunity to create region-specific intelligence requirements. The proposed legislation would not make any changes to Homeland Security Grant Program or eligibility for the funding. Existing application criteria must still be met to receive grant funds. The RSIN amendment seeks to increase the amount of funding allocated specifically to States from 20
percent to 30 percent. This proposal does not alter the amount of funds available through Homeland Security Grant Program, but it does change the way Homeland Security Grant Program funds are allocated. The RSIN Amendment does not change the implementation or structure of Homeland Security Grant Program; the Department of Homeland Security is still responsible for implementing Homeland Security Grants as proscribed by the Homeland Security Act of 2002, as amended.

V. Policy Analysis

The benefits and challenges with this proposal can be summarized into three categories: Federalism, function, and funding. The challenges are noted at both the federal and state levels, albeit, with sometimes different perspectives. Special care has been taken to avoid analyzing the effectiveness of fusion centers, which is not the intention of this paper.

Federalism and Function: Partnerships and History

There is a historical case for federal oversight of fusion centers. The federal government has provided guidance and structure for fusion centers since their inception. Congress passed the 9/11 Commission Act requiring Department of Homeland Security support “efforts to integrate fusion centers into the [Information Sharing Environment], assigning personnel to centers, incorporating fusion center intelligence information into DHS information, providing training, and facilitating close communication and coordination.”37 From the beginning, the Department of Justice has been engaged with fusion centers and state anti-terrorism efforts. Federal Bureau of Investigation-led Joint Terrorism Task forces predate September 11th, finding their origins in the drug wars of

the 1980s. In 2006 the Department of Homeland Security and Department of Justice jointly published *Fusion Center Guidelines*, outlining policies on managing fusion centers, training personnel, and privacy and civil liberties.

**Function: Legal Issues**

Direct DHS oversight of fusion centers will also have implications when it comes to intelligence collection. As a member of the federal Intelligence Community, the Department of Homeland Security is limited in its ability to collect information on US persons. In addition, where the margin between criminal activity and terrorism is razor thin, the Department of Homeland Security will need a way to analyze such intelligence without infringing on US privacy and intelligence collection laws. The jurisdictional turf war among the Intelligence Community poses a real threat to the RSIN amendment. A 2013 Majority Staff Report on the National Network of Fusion Centers by the House Homeland Security Committee noted that “the prevailing perspective of the fusion center personnel is that DHS and the FBI are in constant battle” in fusion centers where the two agencies are collocated.40 There are conflicting claims to the relationship the Federal Bureau of Investigation has with state agencies, with Dr. Robert Taylor, Program Head of the Public Affairs Program at the University of Texas, Dallas saying that in general, intelligence coordination between the FBI and state agencies is “dismally poor.”41 Yet, according to the most recent *National Strategy for Information Sharing*, collaboration among

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39 Ibid


fusion centers, FBI Joint Terrorism Task Forces, Regional Information Sharing System Centers, and intelligence and crime analysis units have been increasing. Another legal consideration is whether the RSIN amendment is unconstitutional. According a Brenan Center for Justice report on National Security and Local Police, direct control of fusion centers may violate Constitutional prohibitions on “federal ‘commandeering’ of state resources.”\textsuperscript{42} For the same reasons Washington cannot control a local police department, it also cannot control a fusion center. The federal government currently takes this view and instead sets guidelines and expectations tied to federal grants.\textsuperscript{43}

\textit{Function: Organization and Control}

Department of Homeland Security oversight would create a seismic shift in the \textit{raison d'être} of many fusion centers. Many fusion centers fall under the direct control of the law enforcement agencies, where criminal intelligence often supersedes terrorism analysis.\textsuperscript{44} Robert Taylor and Amanda Russell in the international journal \textit{Police Practice and Research} assert that “the organizational schema of law enforcement, [which prefers a localized approach, like the community policing model,] . . . is not particularly conducive to counterterrorism efforts and a homeland policing model.\textsuperscript{45} The dynamics of an interagency fusion center, with each component having their own objectives, staffs, and responsibilities, amplify this challenge. Varying command structures of fusion centers, where some are led by a local police agency and others by

\textsuperscript{42} Price, Michael. 2013. \textit{National Security and Local Police}. Brenan Center for Justice at New York University School of Law. \\

\textsuperscript{43} Ibid


a state public safety department, support a popularly held perception among policymakers that the management of fusion centers is "chaotic" and "unable to support consistent capabilities." The balkanization of the structure of fusion centers creates, what Mike Price from the Brennan Center for Justice calls, “a distinct oversight deficit.” John Rollins from the Congressional Research Service argues that this lack of a “common framework among disparate fusion centers and other homeland security agencies” limits the benefit and impact of fusion centers.

**Funding**

One of the greatest challenges to this policy proposal is that the increase in federal grant funding may not be enough to convince states to relinquish control of fusion centers. A 2008 Congressional Research Service report examining thirty-two fusion centers found that fusion centers are predominately funded through state and local streams, with federal funding accounting for 31 percent.

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of fusion center funding streams, on average. The federal government has increased financial support to fusion centers through Homeland Security and Department of Justice grants, but states still bear much of the cost. In a House Committee on Homeland Security review of funding profiles from 32 fusion centers, they found that most fusion centers expended Federal funds, allocated through Homeland Security Preparedness Grants and several Department of Justice grant programs. While the increase in available federal funds may not be enough to convince most states, there are states that would welcome the increase. Even in fusion centers funded primarily through state funds, there are concerns about funding stability and security. Funding has been the main federal effort for supporting fusion centers. Most this funding comes from the Homeland Security Grant Program. In a Government Accountability Office 2010 study of fourteen fusion centers, fusion center officials reported that sustained federal funding was necessary for expanding operations, maintaining “baseline capabilities-the standards the government and fusion centers have defined as necessary for centers to be considered capable of performing basic functions in the national information sharing network”, and in some cases, keeping the lights on. Figure 3 is taken from the before-referenced Government Accountability Office report and gives the average funding breakdown for 52 fusion centers. A key excerpt from that study follows. “... an official in one of these centers stated that with the state's economic recession, the fusion center does not expect to grow operations over the next 5 years and is struggling to maintain the personnel and funding needed to maintain their current


51 Ibid

52 Ibid
operations, which includes fewer than 10 full-time personnel with an estimated budget of a little over $500,000. Officials in another fusion center stated that while they have a comparatively large budget of about $10 million, they could not maintain their level of operations without the federal grant funding, about $5 million per year, they receive."53 A report by the Department of Homeland Security Office of Inspector General realized that “some fusion centers cannot operate without federal funding, and others may be forced to cease operations should federal funding be significantly reduced or eliminated.”54 Funding from the federal government is essential for the success of fusion centers.

Allocation of Funds

How Homeland Security Grant Program funds are distributed is also significant. Grant fund competition and distribution remains one of the biggest challenges facing fusion centers.55 Emergency Management agencies often administer homeland security grants, and this can result in grant funds being allocated to recovery and response efforts, instead of protection and prevention. Two important funding streams under the Homeland Security Grant Program, the State Homeland Security Grant Program and Urban Area Security Initiative, covered 23 percent of the combined total expended operating funds of the 32 fusion centers members of the House Homeland Security Committee visited.56 This is significant as the State Homeland Security Grant Program is the grant most often allocated to state fusion centers, and the Urban Area Security

53 Ibid

http://oig.dhs.gov/assets/Mgmt/OIG_09-12_Dec08.pdf


56 Ibid
Initiative is the federal funding stream often allocated to local fusion centers. There is no current grant program, specifically designed for funding fusion centers. States can use Homeland Security Grant Program monies on fusion centers, so far as it corresponds to federal guidelines. In 2013 the U.S. Senate Subcommittee on Investigations was extremely concerned with the lack of oversight of Homeland Security Grant funding applied to fusion centers and its inability to track funding. “DHS cannot say with accuracy how much grant funding it has awarded to support fusion centers, how that money was spent, or whether any of it improved fusion centers’ ability to participate meaningfully in counterterrorism information-sharing with the Federal Government.”

In addition, the Federal Emergency Management Agency, which oversees the Homeland Security Grant Program, reported that “the only way to estimate grant funding directed towards fusion centers was to perform a keyword search . . . using self-reported [data].

VI. Political Analysis

Money battles – what Kiki Carusan, Susan MacManus and Thomas Watson term “fiscal food fights” – have been at the epicenter of politics throughout American history and “have resulted in intense competition for funds among states and localities.” This proposal may resurrect the intense centralization versus decentralization debate over who should be in charge of fusion centers (federal, states or local). It can be difficult, write Carusan, MacManus, and Watson, to


58 Ibid

reach a consensus on which level of government should have the primary organizational responsibility for managing the complexity and intergovernmental dimensions of homeland security grants. This political analysis will examine this policy proposal at the federal, state, local, and individual levels.

**Federal**

In their research on equity and efficiency in homeland security resource allocation, Xiaojun Shan and Jun Zhuang begin by addressing the “pork-barrel politics” which frequently accompanies large expenditures. Since September 11, homeland security “has attracted hundreds of billions of dollars in expenditures.” However, in econometric tests of the allocation of homeland security grant funds, comparing rationalist (risk-based) and “pork-barrel” allocation based on distributive politics and partisanship, the testers reject the hypothesis that “allocation decisions are politically motivated.” At the same time, it would be foolish to presume that allocation decisions are completely free from outside influence or pressure. Congressional decisions on federal grants, asserts Robert Dilger, “are influenced by both internal and external factors.”

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60 Ibid


organized interest groups, the President, and executive branch officials,” and – due to the ability to rule on federal grant programs – the United States Supreme Court.64

Originally, homeland security funding was allocated almost evenly across each state, with some states receiving more based on population size. Stacia Gilliard-Matthews and Anne Schneider write that the allocation “immediately became a source of contention. . .”65 While some contended that nondiscretionary (fair-based) allocation left border states or those with critical infrastructure with less funding than states with lower risks, others argued that the funds were allocated based on the political party controlling the White House and Congress. Still, even though almost all camps were concerned over funding not being allocated to maximize protection from terrorist attacks, Congress mandated the Department of Homeland Security to use the original formula through 2005. Then, in 2006 Congress changed the funding formula of the Homeland Security Grant Program to allocate funds based on terrorism risk, threat, and vulnerability. The change still dedicated 75 percent of funds based on fair-sharing across each state, but changed allocation based on population for discretionary factors (risk-based). However, the risk-based formula meant a decrease for some states, and where federal funds decrease, state and local entities are forced to make up the difference.66 President Donald J. Trump’s Secretary of Homeland Security, Kristjen Nielsen has made both counterterrorism and terrorism prevention, with a focus on “‘do-it-yourself’ terror tactics”, a priority for her department.67 However, both President Trump and Secretary Nielsen have made physical border security the top priority. Since

64 Ibid
the budget is a zero-sum game, there may be concern that devoting more funding to counterterrorism may negatively impact the amount of monies available for physical border security. In addition, President Trump’s budget proposal called for reductions of Homeland Security grants in order to reduce dependency on federal money.68

State

States determine how the Homeland Security Grant Program funds are distributed and how much is allocated to fusion center budgets. State homeland security programs, to include emergency management and first responders, compete with fusion centers for those funds. In the previous discussion, the role of state emergency management agencies as the state’s designated administrator of Homeland Security Grant funds was briefly overviewed. The relationship of emergency management agencies and homeland security is important to understand from a political standpoint. In the mission areas of emergency management (prevention, protection, mitigation, response, and recovery), protection that deals specifically with terrorism. Ripberger goes on to note that the almost exclusive focus on terrorism protection “. . . crowded out attention to other issues like natural disaster preparedness, destabilized the funding available to state agencies, and created an environment of distrust among intergovernmental partners.”69

The risk-based allocation model had unintended consequences, since it is not difficult to imagine targets and justify additional funding based on potential risks. Democratic Senator Pat Leahy of


Vermont and then Senator Hillary Clinton of New York, both complained against the risk-based model, with Senator Leahy claiming that the model would “shortchange rural states,” while Senator Clinton faulted the George W. Bush administration for the opposite effect. Ripberger says that Congress is able to “buy” states’ votes “by providing at least a minimum amount of funds, so that all elected officials will be inclined to support funding even when the formula stipulates more funds to higher populated states.” When compared with non-discretionary sharing, risk-based allocation may result in uncertainty for recipients. Furthermore, Gilliard-Matthews and Schneider make a bold assessment that “[i]t is obvious” that the requiring that grants distribute a flat share or “required minimum” to each state “produces political advantages for incumbents” – yet, without respect to partisan politics – and smaller states. Ripberger claims the political advantage of incumbents otherwise impacted by being unable to secure funding is “apparent.” In Holly Goerdel’s study, she found that per capita homeland security grant allocation was $9.33 and $8.50 in North Dakota and Vermont, respectively, compared to per capita expenditures of $0.86 and $1.79 in California and New York.” Smaller states may be concerned that altering the homeland security grant formula may

70 Ibid
71 Ibid
impact their funding. Ripberger justifies the flat share allocation “. . . on the grounds that every person, no matter what state they live in, has a right to at least a minimum federally-funded effort to protect against terrorist attacks.” However, Gilliard-Matthews and Schneider conclude that a required minimum, while advantageous for incumbents and smaller states, “produces a strong negative relationship to indicators of risk from terrorism.”

As Chairman of the House Subcommittee on Homeland Security and Intelligence, Representative Peter King has made homeland security one of his top issues. Representative King has held several hearings on the threat of homegrown violent extremism and efforts to detect and deter terrorism. King praised then Secretary of Homeland Security for recognizing New York City and the Long Island region as top target for Al Qaeda and for ensuring federal grant funding for region, despite a 20 percent cut in homeland security grant funding. After the Department of Homeland Security announced that New York City and nearby counties will receive around $181 million in anti-terror grant funds for fiscal year 2015 ($2 million more than the previous year), New York lawmakers Pete King and Chuck Schumer called it a “dramatic step in the right direction.” Lawmakers from populous states and jurisdictions have lamented that counterterrorism funding in smaller states and cities reduces resources in areas more likely to be


terror targets, like New York City. It is important to note that this proposal does not change the allocation method for homeland security grants; it simply increases the amount of funding available to states. Representative King has a history of supporting policies that provide anti-terror funding to New York City.

Local

This proposal is intentional in avoiding direct involvement with local entities. However, it is still important to assess the impact this proposal may have on local politics. States are the primary funder of local homeland security efforts, so by proxy, any change to state’s funding will ultimately impact local entities. As with federal funds, smaller jurisdictions are the least likely to have applied for state homeland security funds.

In a case-study by Kiki Caruson, Susan MacManus, and Thomas Watson analyzing homeland security grant’s local impact, the authors begin by examining respondents’ assessment of state’s distribution of homeland security funds. The authors conclude that respondents from large municipalities prefer strong local government, while small city officials “preferred a top-down, state-driven approach. . .” Analyzing the allocation of federal homeland security funds, officials from larger jurisdictions, are more likely to perceive unfair and inadequate distribution, as larger cities and counties typically have more risks, security vulnerabilities, and public pressure to prepare for a potential attack. In summarizing their results, Caruson, MacManus, and Watson note that where smaller jurisdictions apply for federal funding, they are more likely to perceive

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81 Ibid

fair distribution.\textsuperscript{83} “Large localities are also more likely to be active in the federal grant process.”\textsuperscript{84} Any dissatisfaction by large jurisdictions with federal homeland security fund allocation, appears to be based in a belief that greater vulnerabilities should mean more funding, while smaller and rural jurisdictions should receive less funding. In their article on the allocation of the Federal budget Valentino Lacrcinese, Leonzio Rizzo, and Cecilia Testa note that empirical research on the distribution of federal funds shows that less populous entities receive more federal dollars per capita; “Congressmen are actively engaged in bargaining over the federal budget allocation to bring the bacon home.”\textsuperscript{85}

For local governments, there is a real cost to compliance with federal and state mandates, and this cost a magnified in localities which are already struggling with tight budgets. To complicate the local budgetary landscape, the flow of federal grant money has often been slow, reaching local governments in fits and starts. A 2004 analysis by the House Select Committee on Homeland Security “found that as much as $5.2 billion [in terrorism preparedness grants for state and local governments] was stuck in the funding pipeline—caught up in the bureaucracies of the Department of Homeland Security and state governments.”\textsuperscript{86} Both counties and municipalities have expressed a desire for additional investment in state and local homeland security funding

\begin{itemize}
\item \textsuperscript{83} Ibid
\item \textsuperscript{84} Ibid
\end{itemize}
from the federal government and for greater efficiency in the application process for and the flow of those funds.\textsuperscript{87}

\textit{Individual}

Ripberger notes that “a number of researchers have empirically established the intuitive connection between confidence or trust in government and support for restrictive national security policies.”\textsuperscript{88} Individuals who are confident in the federal government’s counterterrorism efforts will often “support policies that are otherwise controversial.” The American public, notes Dilger, while “increasingly skeptical of government performance,” are becoming more and more accepting of federal activism in domestic affairs.\textsuperscript{89} According to Federalism scholars, this is in part attributed “to the industrialization and urbanization of American society; technological innovations in communications, which have raised awareness of societal problems; and exponential growth in economic interdependencies brought about by an increasingly global economy.”\textsuperscript{90} From the perspective of partisan politics, Hank Jenkins-Smith and Kerry Herron conclude that Democrats normatively prefer policies that balance freedom over security, whereas Republicans tend to rank security ahead of liberty.\textsuperscript{91} However, when people perceive that a given policy “enhances national security. . . and . . . derives a personal benefit, they are likely to support

\textsuperscript{87} \textit{Ibid}


\textsuperscript{90} \textit{Ibid}

Ripberger uses airport security, radiation monitoring at border crossings, and canine detectors as examples of such policies. By contrast, public support for policies that lead to financial loss is generally low. Public support is rational – supporting beneficial and effective policies and opposing costly and intrusive ones.

VII. Recommendation

The greatest challenge to this proposal centers around funding. Specifically, whether the 10 percent increase is enough to sway opinions, and President Trump’s call for state and local governments to be less dependent on federal monies. The 10 percent availability increase in homeland security grant funding may not be enough to convince states to relinquish control of their fusion centers. While the federal government has increased financial support for fusion centers through various Department of Homeland Security and Department of Justice grant programs, on average, federal funding accounts for only 31 percent of fusion center funding streams. However, that 31 percent level is not due to states turning down federal funds, but for the lack of availability of federal funds and some local entities’ confusion of the grant application process. This proposal makes the eligibility for the increase in funding exceptionally clear – 65 percent of products produced by the fusion center in the previous year must have a terrorism


93 Ibid

94 Ibid


nexus – in hopes of mitigating barriers to the application process. In addition, while federal funding does not account for the majority of state fusion center’s funding stream, it is still a sizeable minority. As a Department of Homeland Security study noted, “... some fusion centers cannot operate without federal funding, and others may be forced to cease operations should federal funding be significantly reduced or eliminated.”97 State fusion centers are dependent on Federal funding. To receive a better return on investment, the Department of Homeland Security should exercise greater control in shaping the priorities and direction of fusion centers. Finally, President Donald Trump’s budget proposal that called for the defunding of Homeland Security Grant Programs to reduce state and local dependency on Federal monies is of real concern, both to the constituencies where anti-terrorism funding is decreasing and to this proposal. The President proposed a $667 million cut from grants to state and local agencies, including anti-terrorism funding.98 The proposal was less than popular with New York lawmakers from both parties, in both houses of Congress, and from all levels of government. U.S. Senator Chuck Schumer (D-NY) led a bipartisan fight alongside U.S. Congressman Peter King to block the proposed cuts.99 New York City Mayor Bill de Blasio vowed to fight to President’s proposed cuts and New York Governor Andrew Cuomo called the cuts “dangerous [and] reckless.”100 Because New York City and the State of New York has shown strong, bipartisan support for increasing counterterrorism funding, owing in part to the city’s profile as a target for terrorist attacks, the

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increase in available homeland security grant program funding will likely be seen favorably by New Yorkers.

While Department of Homeland Security oversight may create a seismic shift in the *raison d'être* of many fusion centers, it is the intention of this proposal to shift fusion centers away from a criminal intelligence focus and back towards a counterterrorism mission. As many fusion centers fall under the direct control of the main state law enforcement agency and as fusion centers’ customer base is often county and local law enforcement, the 65 percent threshold enables fusion centers to continue working with local partners, while also intentionally devoting efforts towards building products with a terrorism nexus. The vagueness of “terrorism nexus” is purposeful to permit discretion, where an incident or product may straddle the line between criminal and terrorism. Additionally, requiring states to use the Homeland Security Information Network and the Homeland Secure Data Network will not only streamline the process for requests by providing a standardized template for all fusion centers, it will also serve as a repository for future analysis, so that, for example, the Kentucky Intelligence Fusion Center can view regional threat trends from the Indiana Intelligence Fusion Center.

Finally, the federal government, and specifically the Department of Homeland Security, has a history of providing guidance to and structure for fusion centers. Congressional legislations required the Department of Homeland Security to support “efforts to integrate fusion centers into the ISE [Information Sharing Environment] . . . [and to] incorporate[e] fusion center intelligence information into DHS information . . .”101 As previously noted, the Department of Homeland Security and Department of Justice jointly published *Fusion Center Guidelines* to assist fusion

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centers.\textsuperscript{102} Perhaps one of the more salient justifications for this proposal is the understanding that, regardless of the outcome of this policy, the Department of Homeland Security will continue supporting fusion centers. This proposal merely formalizes an ongoing partnership between fusion centers and the Department of Homeland Security.

\textsuperscript{102} Ibid
Curriculum Vitae

Micah has eight years of experience as an intelligence analyst. He is a decorated Army veteran, having served as a Sergeant in the US Army’s 101st Airborne Division, where he led a team of targeting intelligence analysts in Afghanistan. Micah graduated from Middle Tennessee State University with a Bachelor of Science in Economics and is a candidate for his Masters of Arts in Public Management at The Johns Hopkins University. While pursuing his Master’s in Public Management, Micah has worked as a Public Safety Intelligence Analyst with the State of Ohio in both the Ohio Emergency Management Agency as an all-hazards intelligence analyst and with Ohio Homeland Security as the lead domestic terrorism analyst. Micah has recently accepted a position as a Crime Strategies Intelligence Supervisor with Maricopa County Attorney’s Office in Phoenix, Arizona.