



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

March 30, 2004

H.R. 3266 **Faster and Smarter Funding for First Responders Act of 2004**

*As ordered reported by the House Select Committee on Homeland Security
on March 18, 2004*

SUMMARY

H.R. 3266 would authorize the Secretary of the Department of Homeland Security (DHS) to change the criteria used to distribute funding for two existing first responder grant programs established after September 11, 2001—the State Homeland Security and the Urban Area Security Initiative grant programs. In addition, this bill would authorize the appropriation of \$3.4 billion in 2006 for first responder grants. Assuming appropriation of the authorized amount, CBO estimates that implementing H.R. 3266 would cost \$3 billion over the 2005-2009 period and an additional \$400 million after 2009. Enacting H.R. 3266 would not affect direct spending or revenues.

H.R. 3266 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA). Assuming the authorized amount is fully appropriated, the bill would increase funding for existing aid programs while changing conditions for receiving those funds; any costs incurred by state, local, or tribal governments would be voluntary.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of H.R. 3266 is shown in the following table. The costs of this legislation fall within budget function 450 (community and regional development).

	By Fiscal Year, in Millions of Dollars				
	2005	2006	2007	2008	2009

CHANGES IN SPENDING SUBJECT TO APPROPRIATION

Authorization Level	*	3,400	0	0	0
Estimated Outlays	*	510	1,020	918	578

NOTE: * = Costs of less than \$500,000 for administrative changes that would be made by the bill.

BASIS OF ESTIMATE

Almost \$10 billion has been appropriated for first responder grants since fiscal year 2003, including about \$3 billion in fiscal year 2004. The Office of Domestic Preparedness (within DHS) derives its primary authority to distribute grants to states and localities to prepare and respond to terrorism from the USA Patriot Act (Public Law 107-56). That law authorized the appropriation of such sums as necessary for first responder grants through fiscal year 2007. H.R. 3266 would replace this authorization of appropriations with a one-year authorization of appropriations of \$3.4 billion in fiscal year 2006.

For this estimate, CBO assumes that H.R. 3266 will be enacted before the end of fiscal year 2004 and that the authorized amounts will be appropriated in 2006. For this estimate, CBO assumes that states would need to update their State Homeland Security Plans for approval by DHS to reflect new grant requirements. After that update, we expect that spending would follow historical spending patterns for existing state and local grant programs for emergency management activities. CBO estimates that implementing this bill would cost about \$3 billion over the 2006-2009 period and nearly \$400 million after 2009.

Under the State Homeland Security grant program, DHS distributes three-quarters of one percent of the amount appropriated for the program to each state. The remaining funds are distributed to states based on population. The Urban Area Security Initiative grant program provides funding to high threat areas of the country. Under H.R. 3266, DHS would consolidate these two existing programs and distribute all of the funding based on threats, vulnerabilities, and risk assessments for each state and locality. H.R. 3266 also would require states to disburse grant money to local governments within 45 days of receiving funds from the federal government or states would face penalties as well as pay 25 percent of the total cost of the grant activities.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

H.R. 3266 contains no intergovernmental or private-sector mandates as defined in UMRA but would make several changes to existing grant programs. First, it would consolidate at least two current programs—the State Homeland Security Grant and the Urban Area Security Initiative—and authorize the appropriation of \$3.4 billion in fiscal year 2006. Second, it would change how those funds are allocated. While some states would receive less funding than in previous years and others would receive more, assuming authorized funds are fully appropriated, total funding would increase. This bill also would expand eligible activities to include covering the costs of additional personnel during heightened threat alerts and training activities.

This bill also would authorize DHS to transfer funds directly to the local recipients, reduce the portion of the grant retained by the state, or impose additional restrictions if states fail to provide funds to local first responders in a timely manner. According to the grant requirements, states would be required to certify that they have provided 80 percent of the funds within 45 days of receipt. Funds that states may lose would be allocated to local jurisdictions. Any costs incurred by state, local, or tribal governments as a result of those changes to the grant programs would be voluntary.

Other provisions of the bill would require DHS to create, with input from local first responders and trade representatives, voluntary standards for equipment and training for first responders. The bill also would require DHS to revise the Homeland Security Advisory System to include geographic and economic sector designations.

PREVIOUS CBO ESTIMATES

On July 16, 2003, CBO transmitted a cost estimate for S. 1245, the Homeland Security Grant Enhancement Act of 2003, as ordered reported by the Senate Committee on Governmental Affairs on June 17, 2003. On September 9, 2003, CBO transmitted a cost estimate for S. 930, the Emergency Preparedness and Response Act of 2003, as ordered reported by the Senate Committee on Environment and Public Works on July 30, 2003. Both bills would authorize the appropriation of different grant amounts for first responders. S. 930 also would authorize grants for urban search and rescue task forces.

ESTIMATE PREPARED BY:

Federal Costs: Julie Middleton

Impact on State, Local, and Tribal Governments: Melissa Merrell

Impact on the Private Sector: Paige Piper/Bach

ESTIMATE APPROVED BY:

Peter H. Fontaine

Deputy Assistant Director for Budget Analysis