

THE 9/10/11 PROJECT



EVOLUTION OF
HOMELAND
SECURITY

Are We Ready for the Day Before Tomorrow?

It is September 10, 2011– 9/10/11– a full decade since the devastating terrorist attacks of September 11, 2001. Is our nation equipped for whatever catastrophe may happen tomorrow? How have our prevention, preparedness, response and resiliency structures changed, matured and become operational?

The Homeland Security & Defense Business Council's 9/10/11 Project looks at how far the country has come since the day before 9/11/2001. Through fresh interviews with industry leaders the Council is seeking to vividly illustrate the strides our government at all levels, working with the private sector, has made to secure the country and to stay at least one step ahead of events and disasters that could destroy our way of life.

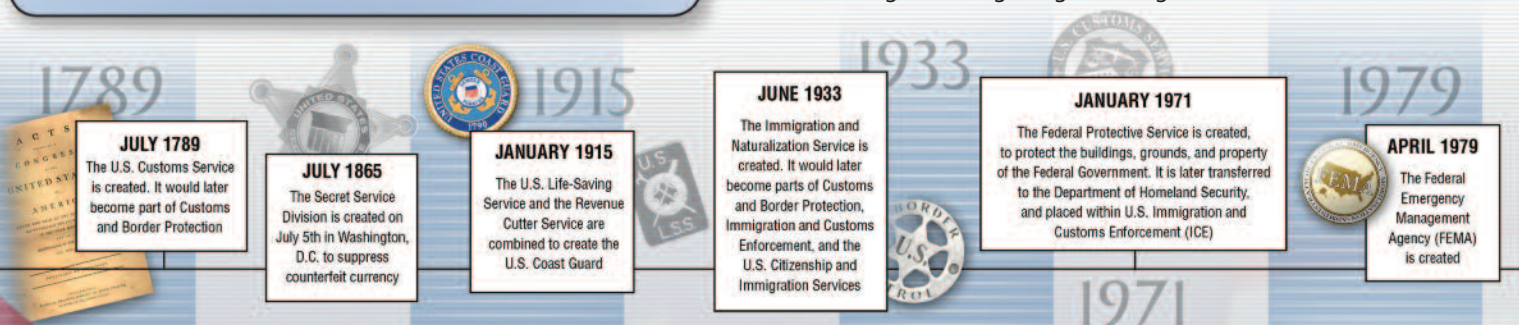
Since September of 2010, the Council has provided a historical context for how far we have come and where we are now, as well as an assessment of the future of the most pressing homeland security issues. Each monograph includes a running timeline (interactive on our website) illustrating the events, incidents, and critical government responses pertinent to that month's topic. This month's monograph focuses on the **Evolution of Homeland Security**.

Homeland Security Before 9/11

While the term "homeland security" was not part of the American lexicon until after 9/11, the concept of securing our homeland and borders from terrorism and disasters has long existed in U.S. history, albeit under the guise of different names and government agencies. During the Cold War, the country was focused on the concept of "civil defense" and protecting our citizens from the military threat of a nuclear attack. In the realm of natural disasters, the federal government had been responding to hurricanes, earthquakes, and industrial accidents for decades and has provided states and localities with some form of disaster assistance going back as far back as 1803.

Although Americans tend to view terrorism at home as a post 9/11 threat, it is not a new phenomenon. In February of 1993, a truck bomb was detonated in the underground garage of the World Trade Center in New York City, killing six and injuring more than a thousand people. In April of 1995, the Alfred P. Murrah Federal Building in Oklahoma City was bombed, killing 168 people. Perhaps it was the extended passing of time without any incidents, but on September 10, 2001, most Americans did not anticipate the new world our country would face the next day. The events of 9/11 however, had not been entirely unforeseen.

In July of 1998, Congress created the U.S. Commission on National Security/21st Century, also known as the Hart-Rudman Commission. The first of the commission's reports was released in September 1999 and contained conclusions that can only be described as prophetic. They included warnings of America's increasing vulnerability to attacks on the homeland, as well as the emergence of a radically different security environment. The commission's concluding report was released just seven months prior to the attacks of 9/11, and its chief recommendation was for "the creation of a new independent National Homeland Security Agency with responsibility for planning, coordinating, and integrating various government activities involved





Deloitte honors you.

We honor the memories of those lost on September 11, 2001. On this 10th anniversary, we remember all the victims and their families. Let us never forget the sacrifices of our fellow citizens.

Deloitte thanks the many people who continue to keep our nation safe.

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in homeland security.” Legislation to implement that recommendation was introduced in Congress but at the time there was not an impetus to take it seriously and make it law. Six months later, terrorists killed nearly 3,000 innocent people on American soil and the debate was reignited.

The Immediate Response

Nine days after the attacks, President George W. Bush announced the creation of the Office of Homeland Security, with Tom Ridge, the former Governor of Pennsylvania, named as its director. A few days later, the President announced the formation of the Homeland Security Council (HSC), composed of Ridge and the Cabinet-department chiefs whose departments had any involvement with security-related matters. It would advise the president on homeland security matters in much the same way the National Security Council (NSC) advised him on foreign security matters.

Another situation that required immediate attention was the need to revive a devastated U.S. airline industry, restore the public’s confidence in commercial air travel, and to protect the industry from future attacks. In November of 2001, Congress approved and the President signed the Aviation and Transportation Security Act, which created the new Transportation Security Administration (TSA) within the Department of Transportation. This act made TSA responsible for the security of all modes of transportation. In particular, it took the job of screening passengers and luggage from the airlines and made it a federal responsibility.

The stand-up of TSA exemplified the extraordinary emotions of the time. Pat Schambach, now with Computer Sciences Corporation, was tapped as the first chief information officer at TSA. Arriving on the job in January of 2002, his first task was to recruit 20 of the best people he knew to set up the information-technology functions, and to report back on his progress two days later. “I was flabbergasted at the result,” says Schambach. “Every single one of the 20 people who I called agreed to drop whatever they were doing to help. This patriotism and commitment was incredible.”

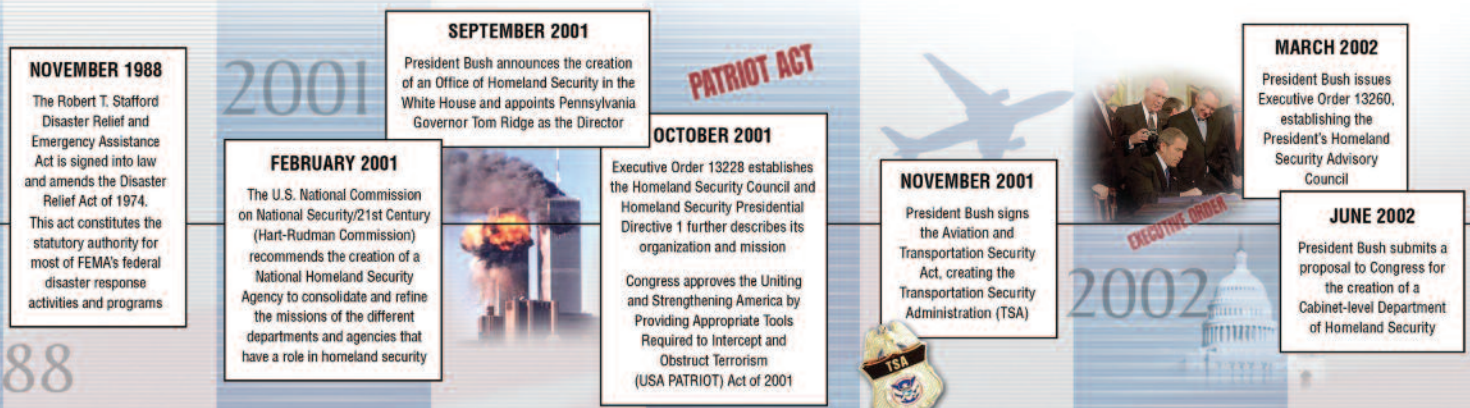
In addition to these initial actions, pressure had been building simultaneously on Capitol Hill for a full-fledged Cabinet department. Historically, the responsibility for homeland security had been divided among more than 40 federal agencies. Many felt that the federal government needed to centralize and coordinate the mission of homeland security through one agency. Legislation to establish a “Department of National Homeland Security” was introduced by Senators Joseph Lieberman (D-DE) and Arlen Specter (R-PA) barely a month after the attacks but it met resistance from the White House, which was concerned that setting up a new agency would detract from efforts on the front lines of the new war in Afghanistan and from addressing concerns that Iraq was developing weapons of mass destruction.

“DHS was inevitable,” according to Mike Becraft, who was the chief of staff at the Immigration and Naturalization Service (INS) on 9/11 and is now with Serco, Inc. Becraft would later oversee integration of the INS into the DHS. Looking back on it today, he says, “What happened on 9/11 was such a seminal event that business as usual was off the table. Just rearranging some of the deck chairs but keeping them in their existing organizations — at Treasury, at Transportation, etc. — would have signaled business as usual.”

Indeed, pressure continued to build in 2002 for a Cabinet-level department and the president’s initial resistance eventually faded. On June 6, 2002, President Bush addressed the nation and stated he would send to Congress a proposal to create a permanent Cabinet-level Department of Homeland Security for the purpose of bringing all the agencies charged with protecting the homeland under one roof. That November, President Bush signed the Homeland Security Act of 2002, which officially created the Department of Homeland Security (DHS). Only two months later, in January of 2003, Tom Ridge was sworn in as its first secretary.

The Stand-Up of DHS

This was not the first time our government had experienced a major reorganization in the face of new security challenges. After the attack on Pearl Harbor and World War II, the federal government undertook





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the task of streamlining and consolidating our military, defense, and intelligence capabilities through the National Security Act of 1947 and the creation of the Department of Defense, the Central Intelligence Agency, and the NSC. This action had occurred a full six years after the events at Pearl Harbor and two years after World War II ended. By contrast, the work of streamlining our homeland security efforts began almost immediately after 9/11, without the time to have a comprehensive and exhaustive debate on the best ways to organize and structure our efforts. The formation of DHS occurred less than 18 months later, at a time when the U.S. was already fighting a war in Afghanistan and was about to engage in war in Iraq.

When DHS was formed, it was given the broad mission to prevent terrorist attacks in the U.S., reduce America's vulnerability to terrorism, and to minimize the damage and recover from attacks that do occur. The department was initially organized around five component divisions: border and transportation security, emergency preparedness and response, information analysis and infrastructure protection, science and technology, and management. It also had separate departments for the Commandment of the Coast Guard, Director of the Secret Service, Bureau of Citizenship and Immigration Services, Office of General Counsel, Office of Inspector General, as well as offices that would deal with legislative and public affairs, state and local coordination, the private sector, civil rights and civil liberties, privacy, international affairs, small and disadvantaged businesses, and counter narcotics.

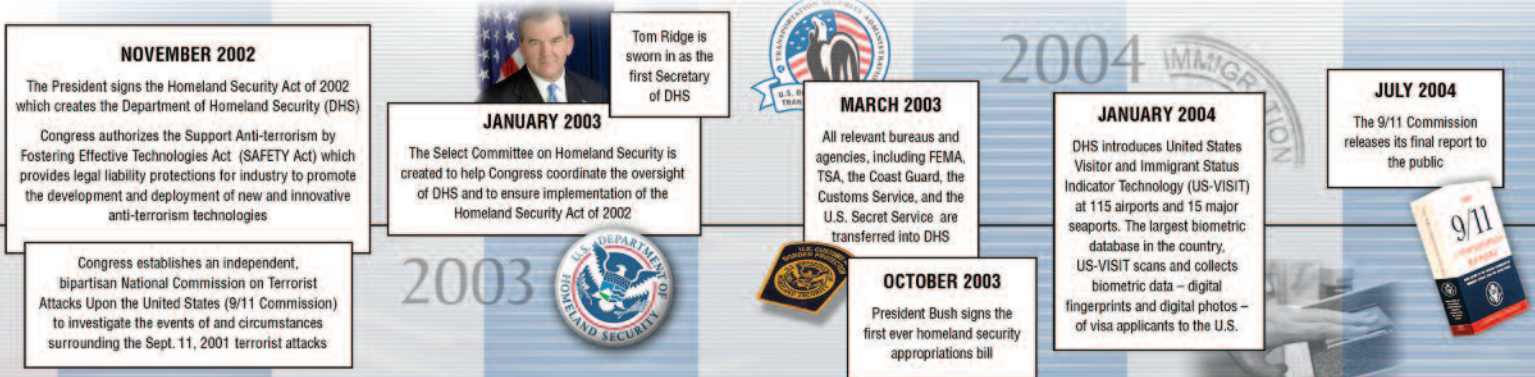
The enormity and complexity involved with standing up DHS cannot be overstated. The agency had to integrate all or part of 22 different federal departments and agencies into a unified, single department. Janet Hale, who was the first undersecretary for management at DHS, and is now with Deloitte, compares it to the mergers and acquisitions that go on in the corporate world, but with added dimensions. "It was a large set of mergers, divestitures, and acquisitions all going on simultaneously," she says. Plus it was like creating a dot-com startup of international proportions, because we had people working all over the world. We had to do all of this at the same time without disrupting the ongoing duties of 180,000 employees."

Certain agencies were simply shifted in their entirety to DHS, such as the Federal Emergency Management Agency (FEMA), TSA, Coast Guard, Secret Service, and the Federal Law Enforcement Training Center. Even though they came in whole, some of these agencies went through reorganization as new parts were added to them. Other agencies were split in part from other federal departments and merged or recombined once they became part of DHS. One of the major reorganizations that occurred was with agencies that previously handled immigration and naturalization, customs, and animal and plant inspections at the border. In an effort to unify authority over federal security operations related to our borders and transportation systems, these agencies were transferred and restructured to become three new organizations: Citizenship and Immigration Services (CIS), Immigration and Customs Enforcement (ICE), and Customs and Border Protection (CBP).

The division of domestic counterterrorism functions between DHS and the FBI was also difficult to decide. As the premier federal law enforcement agency, the FBI would stay within the Justice Department. Ultimately, it was decided that the FBI would keep all functions involving investigations and prosecutions for domestic terror, while DHS would inherit parts of the agency that focus on threat analysis, warning, and public alerts. There were also other agencies and programs that had come from the departments of Health and Human Services, Energy, Defense, Commerce, Transportation, Justice, and the Government Services Agency that were integrated into new DHS divisions.

The first task for the freshly minted DHS managers was executing this massive reorganization with a minimum of disruption to the front-line personnel. This took place during a period when many Americans fully expected, given the anthrax incident that occurred shortly after 9/11 and growing concerns about weapons of mass destruction that another major attack would occur within a year or two. DHS officially acquired all of the agencies and their 180,000 employees on March 1, 2003 and became the third largest federal agency.

Hale, who led most of the integration process, describes it as having been three distinct and arduous phases. "One phase was simply to



stand up the department. The second phase was to integrate the core missions, as well as bring order to the crazy quilt of back-office processing and communications systems. This had to be achieved without harming the agency's front-line operations. The third phase came two years later with the second-stage review and reorganization that followed when Michael Chertoff (a former federal prosecutor, U.S. Attorney, and U.S. Circuit Court Judge) succeeded Tom Ridge as Secretary in 2005. All the while," she adds, "we were addressing the constant stream of inquiries and concerns coming from the 88 committees and subcommittees on Capitol Hill that had a jurisdictional interest in what was going on."

The Challenges Ahead

The goal, through all of this integration and reorganization, was for the agency to work toward a concept that would later become known as "One DHS" by Secretary Janet Napolitano (who became the third DHS Secretary following her tenure as the Governor of Arizona). This meant the agency was working hard to accomplish a unity of mission, purpose, and team. It would require the reconciliation of very different cultures and operations among long standing agencies, each with proud histories, traditions and ways of doing things. The Secret Service was created shortly after the assassination of Abraham Lincoln and the former INS (now divided among three new agencies) can trace its history back to the 1890s. The ability to bring together all the various and sometimes disparate component parts has proven incredibly difficult over the past eight years.

Independent agencies that had previously answered directly to the president now had to adjust to reporting to a Cabinet secretary. Anne Petera, who was the first assistant secretary for intergovernmental affairs at DHS, and is now with Lockheed Martin, explains, "in the past, no one had ever really second guessed these agency's budget submissions. Suddenly, she says, "you've got a Cabinet secretary who really does look harder at what you're asking for. That's a culture shock."

Petera also notes that, "among all of the integrations, FEMA was probably the toughest one." There were loud complaints from local and state officials who preferred their former direct relationship

with the agency. There were continual arguments that FEMA should return to its independent status, and while the debate eventually simmered, it was still ongoing five or six years later.

There were also the difficulties associated with unifying an agency that lacked a single headquarters building that could bring everyone together. Chad Sweet, who was previously the chief of staff to Secretary Chertoff and is now with The Chertoff Group, explains, "because DHS was assembled so rapidly, its employees did not get to work in the same quality of facilities or with the same support services that their peers in other agencies take for granted. Many of the DHS offices are a collection of hand-me-down buildings. The spaces can be cramped and the buildings are scattered all around the metro-DC area."

DHS has fought hard for congressional funding to rectify the disparity. As a result, construction has gotten under way for a new, permanent DHS headquarters on St. Elizabeth's campus in Washington, DC. It is slated to be the largest federal office project since the construction of the Pentagon. The first phase is set for completion and occupancy in 2013, and, when fully completed by 2016, the complex will have consolidated about 35 of the current DHS locations dispersed around the region.

Another major issue that impacted DHS' organization and operations was the constant need to respond to the inquiries and oversight from Congress. "When you combine 22 federal agencies," says Steve Bucci, who was the deputy assistant secretary of defense for homeland defense at DOD and is now with IBM, "you drag a lot of Congress along with you." A lot, in this case, meant 26 committees and 62 subcommittees in the House and Senate — 88 committees in all — that held jurisdiction over one or more aspects of DHS activities (this number has today grown to 108). "Congress was constantly tweaking the department and offering up different organizational ideas instead of allowing it to develop in a more natural fashion," Bucci says. "I'm not blaming Congress for any problems, but in their efforts to help, which I believe were sincere, it made for a very difficult first couple of years."

As the agency started to mature, it had to innovate and evolve, usually in several directions at once. Over the next few years, it would con-

AUGUST 2004
The National Counterterrorism Center (NCTC) is established by Presidential Executive Order 13354, and codified by the Intelligence Reform and Terrorism Prevention Act of 2004, to serve as the primary organization for integrating and analyzing all U.S. counterterrorism intelligence

OCTOBER 2004
The Homeland Security & Defense Business Council is founded to build stronger relationships and facilitate substantive dialogue between homeland security policy leaders in industry and government

FEBRUARY 2005
Michael Chertoff succeeds Tom Ridge to become the second Secretary of DHS

OCTOBER 2005
As a result of the Second Stage Review, Secretary Chertoff announces a new six point priority agenda for DHS and future organizational changes and realignments for the agency

OCTOBER 2006
Congress enacts the Post Katrina Emergency Management Reform Act to address various shortcomings identified in the preparation for and response to Hurricane Katrina

NOVEMBER 2006
DHS and DOJ partner to implement a Fusion Center Initiative with the goal of establishing fusion centers to serve as state-wide or regional hubs for sharing terrorism-related information

2005

2006

2007

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front a new host of challenges, particularly the surprises of Mother Nature and the ever more inventive schemes of would-be terrorists.

A Focus on All-Hazards

The weather and its aftermath brought the biggest storm upon DHS, and upon FEMA in particular. Hurricane Katrina came ashore along the Gulf Coast states on August 29, 2005, and became one of the costliest natural disasters in U.S. history. As many as 1,800 people are believed to have died as a result of the storm and subsequent flooding, and property damage estimates have ranged to near a \$100 billion. Until then, DHS was rather preoccupied with preventing terrorism even though its mission was always intended to be much broader. Its founding principle was to protect the American people from terrorism and other threats to the nation. But the events of 9/11 had powerfully skewed the agency's direction. Hurricane Katrina changed that and reminded the agency that it had an "all hazards" mission. It would need to start focusing its work with federal, states, and local agencies, as well as with the public, on the concept of preparedness.

"The all-hazards approach was bound to assert itself eventually," Sweet says. "There's about a 70 percent overlap of core competencies needed to respond to a disaster," he says, "whether it's natural or man-made. First responders need to have practiced and trained beforehand, and they need to have a common doctrine of operations, and a common nomenclature. Natural disasters are comparatively frequent, but if all you're doing to stay in good form is to work on the rare terrorist attack, you're likely to get a little rusty."

In October of 2006, President Bush signed into law the Post-Katrina Emergency Reform Act, which expanded FEMA's roles and missions, established new leadership positions, brought additional functions and resources into FEMA, and made other organizational changes to strengthen FEMA and DHS' ability to prevent, prepare for, protect against, respond to, and recover from all hazards threats.

The lessons of Katrina for DHS and for FEMA were painfully learned. FEMA was the subject of relentless criticism by the media and Congress. "The morale was low among employees when I arrived and

many were leaving the agency," says Harvey Johnson, who took over as deputy director and chief operating officer of FEMA nine months after Katrina. Johnson is a retired vice admiral with the Coast Guard and is today with BAE Systems. He worked hand in hand with former Administrator David Paulison to turn FEMA's image around, in the eyes of federal partners, the states and the public. The new organizational changes, resources, and leadership made a difference. FEMA rebounded and responded well in 2008 to two powerful hurricanes — Gustav and Ike — that struck the Gulf Coast.

Fusion Centers and Information Sharing

Disaster preparedness and response were not the only areas that would require DHS to coordinate and collaborate with federal, state and local agencies. One of the key criticisms and recommendations that came out of the 9/11 Commission Report was the need to improve information sharing between federal agencies and their state and local counterparts. Along with the Department of Justice, DHS sponsored the development of what became known as "fusion centers." The goal was to improve information sharing not only from the federal government to its state, local, and private-sector partners, but also among the large number of federal agencies that had a role in intelligence gathering and analysis.

Today, there are at least 72 of these centers in operation across the country. They allow interdisciplinary personnel, including front-line law enforcement, public safety and first responders, emergency management, public health, and private sector security personnel, to lawfully gather and share information to identify emerging threats and understand the local implications of national intelligence, thus enabling them to better protect their communities and critical infrastructure. Petera, who got to see the development of fusion centers from their start while at DHS, says, "they are far and away one of the most successful things that DHS has done."

With the ability to have a two-way exchange of information, fusion centers can gather and share the information necessary to pursue and disrupt activities that may be indicators of, or potential precursors to, terrorist or other criminal activity. According to Petera, "fusion centers

AUGUST 2007
Congress passes the Implementing Recommendations of the 9/11 Commission Act of 2007 which authorizes FEMA to administer a Homeland Security Grant Program that will assist states and high risk urban areas with preventing, preparing for, protecting against, and responding to acts of terrorism

JANUARY 2009
Janet Napolitano is sworn in as the third Secretary of DHS

FEBRUARY 2010
DHS releases the first ever Quadrennial Homeland Security Review Report which provides a strategic framework and a forward looking homeland security vision for the nation

MAY 2011
Osama bin Laden, the head of Al Qaeda, is killed in Pakistan by a U.S. Special Forces military unit
President Obama signs the PATRIOT Sunsets Extension Act of 2011 which reauthorizes the PATRIOT Act for four years

JULY 2011
DHS releases a report highlighting its progress fulfilling the 9/11 Commission Recommendations

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have come a long way, and what is especially rewarding is to see that they've grown in stature and experience so that you really do have information sharing occurring. Regional cooperation is better and they have had successes foiling potential trouble."

Air and Border Security

Securing our nation's borders has also been a daunting task for DHS, especially in light of growing congressional calls and media attention to threats at the Southwest border. The U.S. has more than 5,000 miles of border with Canada and almost 2,000 miles of border with Mexico. Each year, more than 500 million people cross the borders into the U.S., almost 330 million of which are non-citizens. The new ICE and CBP agencies have worked together to deploy innovative technologies and manpower to counter threats and facilitate lawful trade and travel. One of these initiatives is the U.S. Visitor and Immigrant Status Indicator Technology, which screens persons entering the U.S. using both biometric and biographic records and checks that information against a database of known or suspected terrorists, criminals, and immigration violators. While not without controversy, it is a major step in correcting the lapses that allowed the hijackers on 9/11 to legally enter and move around the country. Of all the department's responsibilities, none has probably been subject to more public scrutiny than the air-passenger screenings conducted by TSA. Safe and secure air travel does not come without a price and TSA has been agile in developing novel approaches to protect travelers from terrorists that seem determined to strike the airline industry. Even though the public has had to adjust to a number of new travel rules and inconveniences, including removing their shoes when they walk through security and limiting their carry-on liquids to three ounces or less, air travel has remained safe for the American public. There was also the incident that occurred on Christmas Day in 2009, when a man attempted to detonate plastic explosives hidden in his underwear, that brought the introduction of full body scanners and alternative pat-downs. This has initiated a heated debate, which will likely continue in the future, about the appropriate balance between privacy and security.

The Future of Homeland Security

As the country observes the 10-year anniversary of 9/11, many will look back for lessons learned and ask whether DHS has succeeded in accomplishing its mission. For those who labored to bring the agency together, they cite the absence of any major terrorist attack

on the homeland in the last ten years as proof of success. "I can tell you unequivocally," says Sweet, "that one of the reasons why the U.S., even though it's one of the most free and open countries in the world, has had very few attacks on us is because of the creation of a single department to coordinate prevention." Scott Weber, who was senior counselor to Secretary Chertoff and is now with Patton Boggs, explains, "People don't understand the daily successes that DHS accomplishes, day after day, week after week, month after month. The public only notices DHS when something bad happens and the response is anything less than perfect. But every day that goes by in which something bad doesn't happen, that's a successful day for DHS." "Every day of the year, the men and women of DHS stop known or suspected bad guys from seeking entry into the U.S. This is because, Weber says, "they're extraordinarily dedicated and mission oriented. We're very fortunate to have them." Janet Hale added, "on this 10th anniversary we remember those who lost their lives and those who have done so much to keep us safe over the last ten years. Each and every man and woman involved in this effort deserves an incredible thank you."

In 2010, DHS released the Quadrennial Homeland Security Review, which provides a strategic framework and a forward-looking vision for the nation. As we enter the next decade, DHS, Congress, and the public must confront the evolving and dynamic nature of homeland security and what it means to our way of life and the need to stay prepared and resilient. This will present different and unique challenges, as well as new issues of concern. After years of increasing Congressional appropriations for the agency, the country is in the midst of an economic crisis that will result in decreased overall spending for the federal government, including DHS. Even with the death of Al Qaeda leader Osama bin Laden, the threat of international and domestic terrorism continues, and we begin an increased focus on cyber security, a threat which has grown in frequency and sophistication since 9/11. The road ahead may not be smooth and it will require the agency to find new ways to achieve its mission with fewer resources. If history is anything to go by, DHS will no doubt, through some trial and error, rise to the occasion and meet this challenge. ■

The Homeland Security & Defense Business Council (HSDBC) works to ensure that the perspective, innovation, expertise and capabilities of the private sector are recognized, respected and integrated with the public sector. The 9/10/11 Project has called upon critical thought leaders and subject matter experts, including the chief writer for this monograph, William Dunne. For more information on the Council's 9/10/11 Project visit: www.homelandcouncil.org/91011-Project.html

For a more complete timeline, visit the Council's website

For more information on the Homeland Security & Defense Business Council visit: www.homelandcouncil.org

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Deloitte thanks you.

We are proud to support those who protect our homeland. In the aftermath of September 11, 2001, we came together as a nation and took bold steps to protect our country. We recognize the people from 22 agencies who joined together under the new U.S. Department of Homeland Security in 2003.

Deloitte thanks the many people who continue to keep our nation safe.

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