



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

April 28, 2005

H.R. 1544

The Faster and Smarter Funding for First Responders Act of 2005

*As ordered reported by the House Committee on Homeland Security
on April 21, 2005*

SUMMARY

CBO estimates that enacting H.R. 1544 would have no significant impact on the federal budget. The bill would authorize the Secretary of the Department of Homeland Security (DHS) to change the criteria used to distribute funding—but not the total amount of funding—for three existing first-responder grant programs established after September 11, 2001—the State Homeland Security, the Law Enforcement Terrorism Prevention, and the Urban Area Security Initiative grant programs. In addition, the bill would establish the First Responder Grants Board, which would evaluate and prioritize applications for grants. Finally, H.R. 1544 would establish standards for the quality and content of first-responder equipment and training.

Enacting H.R. 1544 would not affect direct spending or revenues. H.R. 1544 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA). Because the bill would change how certain grants for first responders are allocated to states, localities, and Indian tribes, some states would receive more funding and others less than under current law. Any costs to state, local, and tribal governments for participating in those programs would be incurred voluntarily.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

CBO estimates that enacting H.R. 1544 would have no significant impact on the federal budget. 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). Almost \$9 billion has been appropriated for these first-responder grants since fiscal year 2003, including about \$2.7 billion in fiscal year 2005. That law authorizes the appropriation of such sums as necessary for first-responder grants through

fiscal year 2007. H.R. 1544 would not extend that authorization, nor would it significantly affect the rate at which appropriations are spent.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

H.R. 1544 contains no intergovernmental mandates as defined in UMRA. The bill would make several changes to existing grant programs for state, local and tribal governments. First, it would change the requirements for participating in at least three current programs—the State Homeland Security Grant, the Law Enforcement Terrorism Prevention Program, and the Urban Area Security Initiative—and change how those funds are allocated. Although some states would receive less funding than in previous years and others would receive more, this bill would not change the overall funding level and each state would receive a minimum amount of the total funds. This bill would allow certain metropolitan areas to apply for funds directly and would expand eligible activities to include covering the costs of some overtime activities during heightened threat alerts and training activities.

The bill also would authorize DHS to transfer funds directly to the local recipients, reduce the portion of grants retained by the state, or impose additional restrictions if states fail to provide funds to local first responders in a timely manner. States would be required to provide 80 percent of the funds or resources to local recipients within 45 days of receipt. If states fail to comply with that requirement, funds could be allocated directly to local jurisdictions. Any costs to state, local, or tribal governments as a result of these changes to the grant programs would be incurred voluntarily.

State, local, and tribal governments would benefit from other provisions of the bill that require DHS to identify, with input from local first responders and trade representatives, essential capabilities and voluntary standards for equipment and training.

PREVIOUS CBO ESTIMATE

On April 22, 2005, CBO transmitted a cost estimate for S. 21, the Homeland Security Grant Enhancement Act of 2005, as ordered reported by the Senate Committee on Homeland Security and Governmental Affairs on April 13, 2005. S. 21 would authorize the Secretary of the Department of Homeland Security to change the criteria used to distribute funding for the State Homeland Security, the Law Enforcement Terrorism Prevention, and the Urban Area Security Initiative grant programs. Under the bill, these three grant programs would be governed by the provisions of a new initiative known as the Threat-Based Homeland Security Grant Program. In addition, this bill would authorize the appropriation of \$2.9 billion a year for first-responder grants in 2006 and 2007, and such sums as are

necessary for each subsequent year for first-responder grants. Assuming appropriation of the authorized and estimated amounts, CBO estimates that implementing S. 21 would cost about \$9.9 billion over the 2006-2010 period.

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:

Robert A. Sunshine

Assistant Director for Budget Analysis