Advancing the Management of

HOMELAND SECURITY

Managing Intergovernmental Relations for Homeland Security

A National Academy of Public Administration
Forum on Homeland Security
Summary Report

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NATIONAL ACADEMY OF
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ADVANCING THE MANAGEMENT OF HOMELAND SECURITY

MANAGING INTERGOVERNMENTAL RELATIONS FOR HOMELAND SECURITY

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FORUM ON HOMELAND SECURITY
SUMMARY REPORT

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FOREWORD

Following the tragic events of September 11, 2001, the Bush Administration and Congress created the U.S. Department of Homeland Security to prevent and mitigate future terrorist attacks on the United States. Homeland Security unified 22 separate agencies—arguably the most complex and difficult federal reorganization ever—with the possible exception of the creation of the Department of Defense. As part of this epic reengineering effort, Department policymakers face two daunting, integrally-related tasks:

• establishing a new set of intergovernmental relationships that tie together federal, state, and local governments; international organizations; quasi-governmental organizations; and the private sector into complex yet coordinated networks; and

• creating a federal regional office structure that will allow the Secretary of Homeland Security to present his/her policies to states, counties, and cities, and in return to hear and respond to their concerns, issues and views

On December 18, 2003, Academy Fellow Jonathan Breul, Director of Federal Management and Performance at IBM Business Consulting Services, moderated a forum on Managing Intergovernmental Relations for Homeland Security. A Panel of eleven distinguished Academy Fellows—who have extensive experience in federal agency reorganizations and state and local government, particularly related to intergovernmental relations, federalism and regionalism—met with six high-level officials of the Department of Homeland Security. The forum's objective was to advise them and Secretary Tom Ridge on the Department's impending roll out of its intergovernmental relations (Part I of this report) and regional office (Part II of this report) initiatives. The discussion of intergovernmental issues provides the context for the subsequent discussion of regional office structures.

One of the greatest challenges before the Department of Homeland Security is creating a true national approach to homeland security. That requires coordinated and integrated efforts at all levels of government, at the local, state and federal levels, and among all the different players in the private sector and the public sector—including first responders, law enforcement officers, protective agencies, and intelligence agencies. In this context, the greatest white space has been the issue of federal, state and local coordination and intergovernmental relations.

Panelist, introducing the forum on homeland security
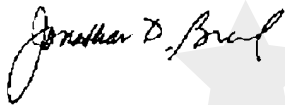
The forum was by invitation only, and deliberations were confidential in order to encourage a frank exchange of views. Comments in the report have not been attributed to named participants. This report represents an overview of the issues identified and the lessons learned from past experiences.

C. Morgan Kinghorn
President

Jonathan D. Breul
Chair, Homeland Security
Steering Committee

PART I. UNDERSTANDING INTERGOVERNMENTAL RELATIONS IN HOMELAND SECURITY

"State and local communication and coordination . . . reflect the very nature of homeland security, the homeland working with the home towns to keep America safe and free."

> *Secretary of Homeland Security Tom Ridge*
> *September 2, 2003*

Overview

Part I of this report summarizes the major issues policymakers at the U.S. Department of Homeland Security need to address if they are to successfully reengineer the nation's intergovernmental relations system in the context of homeland security. These issues are summarized in the box immediately below. For each issue in the box, Academy Fellows offered what they believe to be the major challenges for policymakers. At the end of Part I, another box summarizes the major policy implications. Panelists hasten to note that there may well be other policy mechanisms not discussed at the forum or in this report that may also be useful for addressing intergovernmental issues.

Challenges in Intergovernmental Relations

- City and state officials lack common understanding of the functions, mandates, goals, outcomes and their roles for homeland security.
- Trust, necessary to make homeland security intergovernmental partnerships work, is lacking among many city and state officials.
- Fragmentation characterizes all levels of government, something that was done intentionally.
- Networks of governmental and quasi-governmental agencies are highly complex.
- Limited authority—legal or political—prohibits top-down command and control.
- Critical incidents are unpredictable and pose continual challenges.
- Some cities, states and federal agencies lack capacity to be effective partners.
- Planning is the Achilles' heel of homeland security.
- External stakeholders substantially broaden the complexities of intergovernmental relations issues.

Issue 1. City and State Officials Lack *Common Understanding* of Their Functions, Mandates, Goals, Outcomes, and Roles for Improving Homeland Security.

Terrorism, crime, security, intelligence and risk are not new to public policymakers. However, tying them together in a national system under a common homeland security umbrella is a new challenge. While homeland security officials face some typical intergovernmental challenges—such as addressing mutual problems even though authority is distributed to many participants with varying priorities, programs and approaches—consequences of homeland security policy failures are much larger than in most other policy domains.

During any sweeping governmental reorganization, considerable misinformation, confusion and misunderstanding are not only likely, but are to be expected. Compounding the problem is the fact that many cities and states have forged ahead with new efforts to increase security, and there almost are as many views on organizing homeland security as there are officials who have them. Past governmental reorganizations, few as comprehensive as this one, have faced this same problem. Because common understanding drives all issues in homeland security reorganization, the Panel recommends that Department policymakers focus on three important first steps:

- **Create a *common language* to lay the foundation for reorganization.**

  Unlike other fields—environment, housing, and defense, to name a few—homeland security has no common culture or language widely understood by stakeholders in the system. There are separate approaches for law enforcement, emergency services, intelligence, security, and intergovernmental relations. In addition, the homeland security system lacks a set of established institutional relationships and shared experiences that come from participants managing together across intergovernmental boundaries.

  As one Panelist stated: "If you think about [intergovernmental relations] as a linked network, it takes common language, common terms, and an accepted professional framework within which to make your own individualized decisions . . . without any other plan, communicating ignorance in that framework doesn't help a lot." This difficulty is understandable, yet demonstrates the need to expeditiously create and widely use a common language, beginning in the reorganization's formative stages and continuing thereafter.

- *Clarify* **expected homeland security outcomes.**

  The Panel later discussed the need for the Department to adopt a clearly stated vision, mission, goals, and strategies.   Outcomes— what the homeland security function is supposed to accomplish— should be clearly embedded within the discussion on common language. This step will help to overcome the widely held impression that expected outcomes for homeland security are vague, unspecified or even contradictory.

- *Lead* **by example.**

  Homeland security policymakers have and will continue to cajole, suggest and compel state and local officials to conform their policies and operations to national approaches and expectations. But as some Panelists pointed out, the Department is as poorly organized as states and localities are in this early stage. For example, the Department wants state and local officials to partner, yet federal staff serving in the same states and cities often do not know one another or work well together.   Although the Department is not the only federal entity with this difficulty, it should lead by example to foster credibility.   (Strategies for doing so are discussed throughout this report.)

Issue 2. *Trust*, Necessary to Make Homeland Security Intergovernmental Partnerships Work, Is Lacking in Many Intergovernmental Relationships.

State and local officials often are suspicious of new federal initiatives.   They feel threatened by possible erosion of their autonomy, leadership or authority; concerned about new expenses being thrust upon them; annoyed at additional work responsibilities; afraid of being blamed for failure; and reluctant to expend time and resources. For example, local law enforcement officers often lack necessary security clearances to

One Panelist captured the sentiment of the participants: "Mr. Secretary, I'm glad you were a governor, because you have taken into homeland security the culture that state and local governments are very important."

deal with sensitive homeland security issues, yet their counterparts at the federal level have them. Local officials feel excluded, but still are held accountable. In fact, many local law enforcement officers do not trust federal agents to act in their place. State and local leaders have had to contend with frequent changes in priorities, policies and regulations as personnel changes at various levels in the federal government take place. Furthermore, trust is also lacking between state governments and local governments. This complicates the Department's task of building trust, because it must also establish trust among non-federal actors.

The Panel recommends that Department policymakers:

- **Identify state and local "hot button" *trust* issues that can be resolved early on.**

  The Department can build a foundation of trust by initially tackling issues it can quickly resolve. In so doing, partners will begin to know and respect one another, and will see the value-added in the intergovernmental relationships. The Department should start by securing intergovernmental buy-in and developing partnerships.

- **Secure *buy-in* early and often from city and state officials when developing networks.**

  A great deal of secrecy has cloaked the development of homeland security intergovernmental relations. At this writing (January 2004), for example, there is little information available on how the Department plans to organize its regional office function and why its policymakers believe a regional structure is necessary. Also, city and state officials who will work in regional networks apparently have had little input in the initial development phase. Undoubtedly, policymakers wish to avoid controversy that might delay or hinder design and implementation of their plans, but several Panel members cited instances in which heavy involvement of state and local leaders in federal intergovernmental initiatives saved considerable time in the long run. Even more important, this involvement developed a sense of ownership of the planning process for most participants. The key to such involvement is limiting the period for consultation and retaining capacity to make decisions on a timely basis. Some Panelists suggested that the Department approach buy-in as a political issue, rather than a technical, organizational or structural matter. Others disagreed, with one Panelist adding that approaching major changes from an intergovernmental

management perspective, rather than a political basis, has in the past been important in securing bipartisan support in Congress and in states and local governments. It is not just an issue of how intergovernmental and regional networks will function, but also whether stakeholders will accept them.

- **Develop true *partnerships* among all affected parties.**

   An important mechanism for building trust involves creating genuine partnerships among homeland security stakeholders. The Federal Emergency Management Agency (FEMA) is a highly successful partnership model from which lessons can be drawn. FEMA is effective largely because federal, state and local officials continually cooperate in mutually supportive partnerships. FEMA's policies and practices in planning, response and mediation are based on consensus that is finely honed through experience. FEMA protocols are well known and are rehearsed before emergencies arise. In addition, its partners have clearly defined roles and responsibilities that are accepted and respected by all. One drawback of the FEMA model is its limited scope; the Department faces much more unpredictable challenges than FEMA, making advance protocols more difficult to develop.

Issue 3. *Fragmentation* Characterizes All Levels of Government—Something That Was Done Intentionally.

Many decry fragmentation, overlap and disparity in the federal system. Intergovernmental relations structures seem to create inefficiencies and dysfunction, which now prove especially difficult for the Department, because so many new and existing functions must be merged and managed. Some states have created homeland security "czars" who report directly to their governors, while others have placed this function under law enforcement or emergency management, some distance from the chief executive. Some cities have well-developed, highly coordinated disaster response teams, while others have tentative and disorganized ones. Fitting this intergovernmental system together coherently will not be easy.

The Panel urges policymakers to resist efforts to reduce or eliminate vertical fragmentation (among multiple levels of government), but to address horizontal fragmentation among various federal entities (such as in the grant system). The Founding Fathers intentionally designed the federal system to have checks and

balances, even though that principle made government more complex to operate. Indeed, the success of our system, over and above other forms of government, may stem largely from this structure. The Panel recommended that policymakers work within the basic system as it is, rather than trying to re-engineer or mandate a uniform homeland security organizational structure or system for states and cities. Homeland security structures should be flexible and fluid.

Issue 4. *Networks* of Governmental and Quasi-Governmental Agencies Are Highly Complex.

Intergovernmental relations structures should be viewed as overlapping networks serving diverse functions. Conceptualizing intergovernmental relations by using network theory means that the system should be based on linkages and inter-relationships, rather than on hierarchical layers. Networks, in contrast to traditional hierarchical models, are better able to rapidly respond to imminent threats or events already underway. Also, complex networks often are self-organizing in nature. As a consequence, they tend to be flexible and highly adaptive when necessary—qualities likely to be effective in responding well to unpredictable terrorist attacks.

The number of networks functioning at all levels of government is vast. There are approximately 450 regional councils of governments—including planning commissions and development districts—and numerous federal commissions that attempt to coordinate federal grant activities to states and cities.

The Panel recommends that Department policymakers:

- **Use the network concept as a way of *planning* and *organizing* intergovernmental relations functions.**

    When considered to be networks, intergovernmental relations might be easier to reorganize than attempting to make major structural or systems changes. Inter-relationships among governments, quasi-governmental organizations, NGOs and private industry are complex. Network thinking, rather than the standard notions of federalism, will promote the Department's flexibility and adaptability.

- **Build *alternative* networks when existing ones fail.**

  The old adage, "If it ain't broke, don't fix it," applies to homeland security. The Department should avoid creating new networks or structures if existing ones work. It is much faster and less costly to modernize and manage an existing network then to create a new one, and participants are already accustomed to working together. Over time, however, experience may indicate a need for more substantial changes.

> *There is a path between any two neurons in our brains, between any two companies in the world, between any two chemicals in our body. Nothing is excluded from this highly interconnected web of life.*
>
> Albert-Laszlo Barabasi, author of <u>Linked: How Everything Is Connected to Everything Else and What It Means</u>

  Notwithstanding the importance of working within existing networks, to the extent possible, only some components in intergovernmental networks function well. For example, a Panelist remarked that the Metropolitan Washington Council of Governments, which represents Maryland, Washington, DC and Virginia, has received widespread praise for its work in overcoming jurisdictional barriers to critical incident management in the National Capital Region. The Department should establish incentives that encourage networking at the local level. Other councils of governments— Connecticut, New Jersey and New York—have encountered difficulty rising to the homeland security challenge.

The Panel recommends that the Department work with any entity that is able to meet the security needs of its locale or region, rather than working exclusively with one kind of organization. Again, flexibility in partnering is key.

- ***Reach out* to *develop, enhance* and *expand* a network.**

  Networks are only effective when participants work well together. Intergovernmental relations under homeland security must instill the need not only to proactively reach out to all actors within a network, but also to link across multiple networks. The response by multiple networks when planning for, responding to, and mitigating effects following Hurricane Isabel's assault on the East Coast in September 2003 is instructive. Officials representing public and private networks estab-

lished advance protocols and policies to craft an effective response to natural disasters. As Isabel approached, these officials collectively assessed the situation and implemented an effective response, followed by successful recovery efforts.

- **Build *redundancy* into the structure.**

    Networks can be useful in providing necessary redundancy. If a critical incident renders one network component inoperative, other components may be able to pick up the slack. In the 9/11 attacks on New York City, FEMA's regional office in New York lost communications; but another FEMA regional office replaced it, responding seamlessly to the crisis. The Panel hastened to point out, however, that redundancy is not the same as duplication.

Issue 5. Limited Legal or Political Authority Can Inhibit the Execution of Top-Down *Command* and *Control.*

Federal authority—whether presidential, congressional or departmental—to implement a top-down command and control system does not exist for homeland security because that system is intentionally fragmented and decentralized. Nonetheless, there continues to be tension between the necessity for command and control, and the goal of shared decision-making. Many Panelists believed that a partnership perspective is the only truly workable model for organizing intergovernmental relations under homeland security. FEMA offers such a model, at least up to a point (see Issue 2 above). Although FEMA is an excellent intergovernmental model for disaster management, it may not be as appropriate in dealing with terrorist attacks where military necessity may override shared authority. Unlike natural disasters, intergovernmental partners may not share common goals and priorities when mitigating effects of weapons of mass destruction attacks. Given this set of circumstances, some Panelists favored working within existing state and local structures and priorities, while other Panelists suggested that the homeland security mission could justify stronger federal standards and prescriptions regarding performance standards and state and local capacity improvements. (See Issue 6 for a discussion of the need to lay out authorities and standards for all intergovernmental actors and test them against hypothetical situations well in advance of a crisis.)

Several Panelists offered this advice on when to control and when to collaborate:

- **Err on the side of *collaboration* whenever possible.**

  Because Department policymakers are concerned with effectiveness when responding to terrorist threats, they may favor imposing command and control. However, state and local governments have legitimate roles to play; in the long run, these roles may be more important to preserve than short-term gains. Policymakers also should remember that trust, especially in the early development of homeland security networking, is key. The Department should appreciate that some state and local entities are powerful enough to resist some federal attempts to control them.

- **Offer *incentives* to promote collaboration.**

  Cities and states tend to positively respond to federal incentives offered in exchange for their cooperation. One Panelist pointed out that the Department has, or could develop, a wide range of incentives to bring state and local partners in line with national approaches. These could include training, sharing assets, providing information and offering technical assistance. The Department could award bonus points on competitive grants to states and cities that excel in reaching homeland security goals.

- **Assert *control* when homeland security is in jeopardy.**

  Notwithstanding best efforts, some city or local governments may not cooperate to the extent necessary when coordinating homeland security activities. When cooperation is necessary but elusive, the Panel believed that the Department should compel cooperation with nationally legislated preemptions and mandates, or heavily influence it with grant conditions. Withholding highway trust funds from states unwilling to enforce federally-mandated speed limits and clean air goals are examples of effective controls.

  One Panelist doubted that cities and states would resist federal controls in all cases. He noted that the devastating Alaskan earthquake of 1964 required the most complex and urgent disaster recovery in American history. In this case, state and local governments were happy to cede major decision-making to federal leadership. However, state and local officials participated in all federal decision-making discussions that were also open to the public. Federal officials did not allow this open process to slow the recovery. Instead, the recovery was greatly expedited. In part, this successful outcome was possible because the participatory approach created a sense of state and local ownership, even if the

President's representative made key decisions in each community. In a sense, the federal leadership was earned by this openness, rather than imposition. Perhaps the bigger the critical incident, the more likely state and local governments are to relinquish control.

• **Establish national *standards* where appropriate.**

Congress and the Department must establish national standards in certain areas, and then force or encourage state and local governments to adopt them. In contrast, state and local governments want to be in charge of critical incident response activities, except in cases of dire emergencies. For example, state and local governments want to have flexibility in responding to the Department terror alert codes rather than having the Department mandate local response measures.

As one Panelist observed, local firefighters responding to a fire in New York had placed a sign on the sun visor of their fire engine in plain sight of federal and state officials who might ride along on a call: "Sit down, shut up, and enjoy the ride."

One of the greatest challenges is deciding where national standards are necessary and where the federal government should allow state and local governments to exercise maximum control. One Panelist framed the many challenges associated with this issue by saying, "The questions are: what are those standards, what are those outcomes, who is going to articulate those measures, how are they going to impact specific communities, and can you make them standards that really vary significantly by communities or do we want some consistency?"

Several Panelists gave examples of the need for the Department to establish standards: preventing and mitigating terrorist attacks, articulating a common language, insisting that basic equipment and tools for communication be interoperable, and laying out training standards in such critical areas as detecting and responding to weapons of mass destruction. When establishing national standards, the Department should focus on performance-based standards when possible; these often can be implemented more flexibly than process-oriented standards. One Panelist also emphasized that the Department's process for setting standards should involve input and buy-in from state and local governments. Establishing national standards will not be easy. Not all states have adopted federal standards for issuing driver's licenses, for example.

- **Verify that *federal actions* are not causes of failure due to inconsistencies in goals and objectives.**

  Department policymakers might seek consistent state and local approaches, but some federal actions may unwittingly stifle consistency. For example, the Department seeks to empower local communities by offering 23 separate first responder grant programs. In the minds of several Panelists, this funding pattern thwarts collaboration because it encourages local entities to go in different directions. Other Panelists support a variety of grants that enable the Department to better tailor grants to the particular circumstances that vary greatly among states and local governments. The Panel recommends that policymakers review all of the Department's grant programs to ensure that they will achieve its goals and objectives.

Issue 6. Critical Incidents Are *Unpredictable*, and Pose Continual Challenges.

Critical incidents are likely to be unique whenever they occur, presenting a significant challenge for homeland security. Terrorists try to capitalize on the unexpected in order to produce fear in the population. As observed above, effective intergovernmental relations networks must be flexible to adapt to these uncertainties, rather than be overwhelmed by them.

The Panel recommends that policymakers continually challenge partnership networks to make responses as predictable and routine as possible. To do so, the Panel recommends that policymakers:

- **Develop *negotiated protocols* in advance.**

  Once policymakers are able to assess how networks will respond to simulated terrorist attacks, it becomes possible to develop protocols for responding to future threats. One Panelist offered the Oil Pollution Act of 1990 as a model for intergovernmental protocol development. The Act requires oil storage facilities and vessels to submit plans to the Environmental Protection Agency (EPA) detailing how they will respond to catastrophic oil spills. Regions must then submit area contingency plans to prepare and plan for oil spill responses on a regional scale. Stakeholders negotiate specifics of these plans. However, one Panelist

cautioned that, once again, flexibility is essential because the variety of
potential attacks is far greater than potential responses needed in most
areas in which protocols have been developed.

- **Run *simulations* and use *reference cases.***

  In May 2003, the Department launched a five-day simulation named
  TOPOFF 2, which included two hypothetical situations: an explosion
  containing radioactive material in Seattle and a biological threat in
  Chicago. TOPOFF 2—involving 8,500 people, 25 federal agencies,
  two states, two major cities, a number of counties and Canada—was
  designed to identify strengths and weaknesses in responding to large-
  scale disaster response scenarios. The simulation tested several impor-
  tant response components, including the Department's internal decision-
  making processes and its communications with state and local
  governments. Panelists encouraged the Department to continue to
  stage simulations such as TOPOFF 2 and TOPOFF 1 (held in May
  2000) to test its capability to coordinate and communicate with state
  and local governments.

  In addition to simulations, the Department ought to develop a set of
  realistic scenarios to use as reference or test cases, around which plan-
  ning would be undertaken. These scenarios could offer an anvil against
  which to hammer out ideas about how the homeland security system
  should function in order to achieve certain specified goals and objec-
  tives. For example, the Department could ask how personnel, equip-
  ment and procedures would work if federal, state and local officials
  were confronted with a multi-state anthrax event. Then, the
  Department might be able to determine how the system should work
  and provide leadership to correct deficiencies.

- **Share *best practices* after each response, simulation or test.**

  Learning from past experience—real or simulated—is key to effective
  intergovernmental responses to terrorist acts and any other type of dis-
  aster. Unfortunately, after an incident, there is too often little interest in
  learning from it, particularly if the incident was badly handled.
  Nonetheless, best practices information is critical. Homeland security
  policymakers must create mechanisms to systematically develop and
  distribute best practices that will inform networks, because states and
  cities have little incentive and few resources to invest in best practice

policy analysis. There is one caution, however: Best practice information distributed by agencies may be more for publicity purposes than for the goal of disseminating true best practice information.

- **Determine who speaks and vets *information.***

  One important issue relating to the creation of standard operating procedures for homeland security partnerships is who has authority to speak—especially to the public—on critical incidents. In the recent East Coast power blackout, numerous officials took to the airways in response, but some gave inaccurate, inconsistent or misleading information, which could have had dire consequences. The Panel recommends that the public relations function be included in the development of protocols among partners.

Issue 7. Some Cities and States *Lack Capacity* to be Effective Partners.

Not all cities and states are equal in their capacity to effectively participate as partners in homeland security. The function is new; and relatively few cities, states or regions have the expertise to fill critical homeland security positions, whether technical or managerial. The same is true at the national level, as discussed in Regional Office Lesson 7 (in Part II of this report). Although building capacity to tackle homeland security issues is a shared responsibility, the reality is that the Department must lead in filling gaps in the fabric of networks blanketing the nation. The Department is the only office that has the resources, expertise and mandate to effectively build this capacity on a wide scale.

The Panel recommends that capacity building remain a high priority for policymakers:

- **Train *specialists* in homeland security functional areas.**

  Despite the importance of homeland security, it is such a new governmental function that there is not yet a widely recognized homeland security profession (this was once the case across the country in professions dealing with natural and man-made disasters). The nation

has very effective professionals who are highly skilled in critical incident response: fire, police, security and intelligence. Harvard University's School of Public Health and John F. Kennedy School of Government, with funding from the Centers for Disease Control and Prevention, have developed a program to train homeland security professionals, for example. However, there is no homeland security equivalent to the Department of Defense's War College or Command and General Staff School, the FBI's Academy, or the National Fire Academy. Creating such an entity would go hand-in-hand with the need for the common language and framework, which was discussed above. In offering training across the country, the Department should ensure that participants receive training according to widely accepted standards. Otherwise, the Department will encourage inconsistency.

- **Train *generalists* in homeland security.**

  Public management training—particularly in undergraduate and graduate degree programs, as well as continuing education and skills enhancement programs for professional associations—has not yet caught up with the demands of homeland security. Students and officials learn to manage public organizations by studying personnel, budgeting, finance, planning, leadership, organizational development and policy analysis. The question still remains: How useful is this knowledge when deciding how to prevent or respond to a terrorist attack? The Panel recommends that the Department work with institutions of higher learning and professional associations to include homeland security in their public management curricula.

Issue 8. *Planning* is the Achilles' Heel of Homeland Security.

Many states have limited planning experience, especially in homeland security. They prefer to invest directly in initiatives or to delegate and monitor. Cities have much more planning experience, but homeland security is new to them as well. The enormity of the task, lack of trained personnel, confusion about mission and strategy, and inertia have likely thwarted planning in many states and cities. As a consequence, the Department faces enormous challenges in melding together state and local plans into a more comprehensive federal plan.

Panelists recommend that the Department:

- **Offer *incentives* for planning.**

  As discussed above, cities and states tend to respond positively to incentives. The Department should use incentives—technical assistance and training, sharing of federal physical and human assets or eligibility for performance-based funding, for example—to stimulate effective planning across regions.

- **Develop a system-wide *asset inventory* and compare it with likely risk scenarios.**

  Many cities and states (and the Department) are largely unaware of the total assets they have to fight terrorism. Most assets previously have been thought of in the context of public safety, not anti-terrorism. Few cities and states have examined their assets against specific threats and the level of risk they pose. The Panel recommends that the Department ensure that assets are inventoried against risk as part of the planning process. The Department should consider proposing a methodology to accomplish this objective.

Issue 9. *External Stakeholders* Substantially Broaden the Complexities of Intergovernmental Relations Issues.

In addition to states and local governments, the Department must develop relationships with other entities, including federal agencies (e.g., Defense, FBI, CIA, EPA, FAA), international organizations (e.g., INTERPOL and foreign governments), national, regional and local organizations (e.g., Mexico/American Border Commission), and the private sector. The Panel recommends that these networks be developed in the same way as those for states and cities, and that they be linked early into the networks being established by the Department for cities and states. The Panel also emphasizes private sector relationships:

- **Involve the *private sector* in homeland security networks.**

  Although sometimes not considered in this context, the private sector is an integral component of intergovernmental relations networks. Indeed, the majority of our nation's infrastructure is owned by the private sector, and many responders (such as the Red Cross) are also private. Because the federal government has responsibility for national security, the private sector must adapt to what the government mandates. However, adaptation is best done in partnership.

The box on the following page summarizes the major policy implications extrapolated from the nine issues identified above.

Policy Advice on Intergovernmental Relations

- Build mutual understanding by clarifying outcomes, establishing a common language and leading by example.
- Engage state, local and private sector leaders in Departmental decision-making, and work with them as true partners.
- Approach intergovernmental relations as a networking issue.
- Enhance existing networks when possible, and develop new ones as needed.
- Clarify when the Department will collaborate and when it will command and control.
- Encourage and create incentives for collaborative partnerships.
- Establish national standards in appropriate areas, while letting state and local governments take the lead where they have the capability.
- Promote extensive planning at all levels of government—through staging simulations and negotiating protocols in advance.
- Maintain effective feedback mechanisms and communications protocols for sharing information.
- Train functional specialists and managers in critical homeland security competencies.
- Develop a system-wide asset inventory of homeland security assets, and compare this to key risk scenarios.

PART II.   UNDERSTANDING REGIONAL OFFICE STRUCTURE AND FUNCTIONS FOR HOMELAND SECURITY

"Our consideration of a regional infrastructure is . . . predicated on the notion that you cannot secure the homeland from Washington, DC. You better have people responsible, accountable and managing outside of the nation's capital. And that you need someone a lot closer to the day-to-day operations of the various units within the Department of Homeland Security to oversee that activity, to coordinate that activity and from time to time at certain levels, resolve any disputes or differences between the respective agencies."

Secretary Tom Ridge, in testimony before the House Select Committee on Homeland Security, May 20, 2003

Overview

On May 20, 2003, Secretary Tom Ridge, in a presentation to the House Select Committee on Homeland Security, sketched out a plan to create regional offices for the Department of Homeland Security.   Regional office directors will carry the Secretary's messages and policies to state and local officials, but they will not make policy.   Regional offices will serve as a "direct point of contact" for mayors and governors needing to communicate with the Secretary's office.

Below, the Panel summarizes what it believed to be key lessons from other federal agencies' reorganizations.   The ten most salient lessons are summarized in the box immediately below.   These lessons express to the Department's policymakers how to create regional office structures that have a greater likelihood of succeeding, rather than presenting recommendations on what to do.   In reading this section, Department policymakers should keep in mind the intergovernmental context in which regional offices will function (see Part I above).

Lessons Learned in Creating Regional Office Structures

- Regional office structures—if warranted—must derive from and be directly linked to a clear vision, mission and strategic plan for homeland security.
- Develop clear, non-overlapping authorities and responsibilities for headquarters, regional offices and field offices.
- Make sure communication flows efficiently and effectively, both horizontally and vertically in the homeland security system.
- Determine whether regional office directors should be political appointees or career civil servants.
- Monitor regional office operations, or else the system will fail.
- Inventory structural components and execute a strategy to pull them together around a common mission.
- Train regional office staff to handle their duties and responsibilities.
- Plan to address workload differential issues.
- Do not underestimate the time and effort required to create regional structures.
- Secure internal stakeholder buy-in for homeland security reorganization.

Lesson 1. Regional Office Structures—if Warranted—Must Derive from and Be Directly Linked to a Clear *Vision, Mission* and *Strategic Plan* for Homeland Security.

Experience from past federal regional office reorganizations suggests that to be successful, departments must have a clearly-articulated vision, mission and plan from which an appropriate regional office structure can be derived. If not, there will be a mismatch between what departments do and how they go about doing it, and the reorganization likely will fail. Panelists noted that FEMA—now part of Homeland Security—by most accounts successfully reorganized its structure by paying attention to mission and strategy. In contrast, the Department of Energy floundered, in part because it was not able to link its mission with the structure of its regional offices.

Lesson 2. Develop Clear, *Non-Overlapping Authorities* and Responsibilities for Headquarters, Regional Offices and Field Offices.

Regional office initiatives that fail have lacked clear lines of authority among policymakers in headquarters, regional offices and field offices. Management at all levels must be able to quickly determine their authority and responsibility, and they must be allowed to work within them. The Department of Housing and Urban Development (HUD)'s regional office structure was successful for the first few years, but later failed when authority and responsibility for field and regional offices and headquarters became blurred, headquarters authority was weakened, and career regional directors were replaced with political appointees. Most of these political appointees had less knowledge of HUD programs and how to manage them than career regional office directors. HUD policymakers reverted to the more traditional "stovepipe" structure in 1995.

Creating internal command and control structures will be extraordinarily difficult to achieve in homeland security because the function is new; agencies now in the Department have different cultures, traditions, systems and authorities; and threats are unknown or evolve faster than policymakers can address them. In this context, Panelists recommend the following:

- **Address *only regional* issues in regional offices.**

    There will be a tendency for regional offices to try to influence operations and decision-making in individual field offices. This would be a mistake. Only issues that substantially overlap or affect multiple state and local or field office jurisdictions should be within the regional offices' purview. Otherwise, the possibility exists that the decision-making of three entities—headquarters, regions and field—will conflict.

    One Panelist cautions the Department to avoid presenting regional offices as a "one stop shop." So long as major departmental operations center in the field offices or in headquarters, regional offices cannot be "one stop shops." If they are, then a problem with duplication exists.

- **Address *only state and local* issues in field offices.**

  Field offices should be the primary operational mechanism for federal homeland security functions. Although regional offices should become involved when multi-jurisdictional issues arise, field offices should carry most of the Department's responsibility for effectively responding to crises, because response capabilities are located almost exclusively at the local level. If regional offices become too heavily involved with the operational, local-level aspects of critical incident response activities, lines of authority, decision-making, and resource-allocation could blur and responses could be delayed during a crisis.

- ***Devolve authority* as close to field offices as possible.**

  Successful regional and field offices function best when staff are empowered to make decisions as close to the problem, opportunity or situation as possible. Indeed, the President's Management Agenda promotes decentralization in decision-making as an organizing principle. The more centralized decision-making becomes, the less effective it often is. Decisions may be made in a vacuum, too far removed from the situation, or they may be delayed as information is passed up and down channels to inform decision-makers. Panelists felt that when in doubt, authority should be devolved to the field and away from the regions and headquarters.

- **Retain or claw back functions to headquarters that can be centralized to relieve administrative burdens on regions and field offices.**

  Often it makes no sense to duplicate some functions across regions. For example, HUD created three centers in headquarters—one for troubled public housing authorities, one to assess real estate markets and condition of housing stock, and another to enforce laws and regulations—rather than replicating them in each region or locality. Similarly, the Equal Employment Opportunity Commission will be consolidating its telephone hotline (on a trial basis) at headquarters rather than duplicating this function in the field.

- **Include "achieving a _leadership_ role in maintaining effective inter-governmental relations" on the performance evaluations of regional office directors.**

  Traditionally, performance evaluations for federal regional and field staff have focused on achieving certain departmental goals and objectives, but not on achieving goals and objectives related to external stakeholders. One reason is that staff does not relish evaluations that depend on the performance of those over whom they have little or no control, such as cities and states. If the Department's regional networks are to succeed, its regional and field staff must be held accountable for taking a leadership role in making their intergovernmental relationships work.

- **Recognize that regional offices can _support_ other regions in case of major attacks or disasters.**

  In the case of a large-scale emergency, the Department's headquarters likely will be focused on a national-level response and preparing for other possible attacks or disasters. Regional offices, beyond representing and communicating the Secretary's policies, can serve a crucial support function for regions most impacted by the incident. For example, a region unaffected by a particular attack or emergency could provide tactical support to a region that is at the epicenter of an emergency.

Lesson 3. Make Sure _Communication_ Flows Efficiently and Effectively, both Horizontally and Vertically in the Homeland Security System.

Field communications should flow directly to headquarters, with copies to regional offices. Regional offices should not filter or vet information from the field. Likewise, headquarters information should flow directly to the field, with copies to regional offices. Without such discipline, information will become bogged down in regions as an unnecessary middle layer. The only exception is communication about regional issues, which should originate in the regional office and be transmitted either to the field or headquarters as appropriate.

Lesson 4. Determine whether Regional Office Directors Should Be *Political Appointees* or *Career Civil Servants.*

Deploying political appointees or career civil servants to direct regional offices may have consequences for how well the regional homeland security presence works, and to some extent how the Department is perceived by state and local officials.   The Panel's views generally support the appointment of civil servants, rather than political appointees.   Civil servants provide continuity and stability as they do not automatically turn over with changes in administrations or departmental leadership.   Career civil servants have greater knowledge of the programs than most incoming political appointees.   The primary roles for political appointees are the development and promotion of policies, which are not roles for the field.   Civil servants also tend to have more experience in managing large government organizations, and may take the long view when making homeland security work.   At the same time, civil servants may support bureaucratic agendas, rather than the current secretary or administration. They may "go native," spending a long time in a region, causing civil servants to partner too closely with their state and local counterparts in ways that do not support the Department.   They may not willingly accept or initiate change.

Lesson 5. *Monitor* Regional Office Operations, or else the System Will Fail.

"In order to have effective decentralization from the federal perspective, you have to have some effective central monitoring," said one Panelist.   Some agencies' regional presence failed because their operations were not monitored effectively by headquarters.   Policymakers may, after delegating authority to the regions, assume that they have fulfilled their responsibility.   Others may forget about the regions, focusing on heavy demands in Washington.   Still others simply may lose control because they cannot effectively manage so many subordinate units.   In 1969, President Nixon set up ten standard federal regions, with a federal regional council in each to expedite and help agencies coordinate distribution of grant monies to state and local governments.   Effective in early years, councils declined when OMB eliminated staff who coordinated and monitored their activities.

Lesson 6. *Inventory* Structural Components and Execute a Strategy to Pull Them Together around a Common Mission.

The new Department assembled 22 separate agencies into one. Its policymakers have gone a long way toward rationalizing how disparate functions fit together under one authority, which is an important step. Yet Panelists cautioned that policymakers must not overlook smaller programs, offices and functions that are not conspicuous. These components can pose major problems for policymakers if ignored. When creating the EPA, policymakers thought it prudent to inventory what assets they had acquired in the reorganization. To their surprise, numerous entities that joined EPA had been all but forgotten by their home departments. Other entities functioned almost independently because no one knew what they did.

Lesson 7. *Train* Regional Office Staff to Handle their Duties and Responsibilities.

Many federal agencies' regional and field operations, often to their detriment, have not paid enough attention to human capital development. It is expensive to train staff given their geographic distribution. Being decentralized, regional staff tend to be ignored by headquarters. Some managers simply are unwilling to allocate scarce resources to what they consider to be low priority needs. Panelists concurred that meeting training needs for local and regional staff is a high priority. Not only do staff require upgrading in technical skills, they also require training in program and regulatory changes; information systems; and the vision, mission and strategies for their office and Department.

The Panel believes that periodically assembling regional staff at a central location for training is a worthwhile investment. Not only do staff require the knowledge and skills necessary to perform well on the job, but they also may share information that improves operations. Internet-based training has great potential for reducing training costs and standardizing training around the nation.

Lesson 8. Plan to Address *Workload Differential* Issues.

Not all regions and localities have the same level of homeland security activity. For example, rural areas may be at less immediate risk than major port cities. As such, some regions and field offices will have more work than others. Managing workload differentials and the optimum mix of expertise through workload analyses is a high priority in managing effective regional office and field office functions. Morale, productivity, and effectiveness suffer when some staff, particularly in the same office, work more than others. If these differences are not continually addressed, managers may expect high employee turnover, grievances and dysfunction.

Lesson 9. Do Not Underestimate *Time* and *Effort* Required to Create Regional Structures.

However long Department policymakers estimate it will take to make regional office structures viable, the Panel suggests that they significantly increase the projection, as well as their expectations for the level of effort that will be necessary. Past reorganizations are instructive. The Department of Transportation (DOT) tried for decades to co-locate and merge its disparate field offices. Although all of its field activities roughly relate to transportation functions, DOT has yet to find the right organizational structure for its field activities. EPA also has yet to resolve regional office issues. Indeed, a review of many major federal department reorganizations shows that regional and field office functions often present significant challenges. Policymakers should not make wide-ranging assumptions when rolling out these new structures.

Lesson 10. Secure Internal Stakeholder *Buy-In* for Homeland Security Reorganization.

The support of the Department's employees for its regional structure is just as critical as securing early and continued buy-in from external city and state stakeholders. By all accounts, the Department has done a good job working with the federal workforce on reorganizing the Department's human resource systems. The Panel suggests that the same level of effort be dedicated to obtaining internal buy-in for the Department's regional presence. This will not be easy. The Department is composed of 22 separate agencies, many with their own field or regional structures. Achieving effective operations under a new regional structure will require considerable support from affected workers.

As part of the buy-in process, the Department must also continue to strengthen its relationship with the House Select Committee on Homeland Security.   It will need congressional buy-in for its initiatives to fully succeed.

ACADEMY PANELISTS

Jonathan Breul, *Panel Moderator*
Director, Federal Management and Performance and Senior Fellow, IBM Center for The Business of Government, IBM Business Consulting Services. Former positions with the U.S. Office of Management and Budget: Senior Advisor to the Deputy Director for Management; Chief, Evaluation and Planning Branch, General Management Division; Senior Management Analyst. Former Senior Grants Policy Specialist, Office of the Assistant Secretary for Management and Budget, U.S. Department of Health and Human Services.

Richard Danzig
Senior Fellow, Center for Naval Analyses. Former Secretary and Under Secretary of the Navy, Department of the Navy; Partner, Latham & Watkins. Former positions with the U.S. Department of Defense: Office of the Assistant Secretary of Defense (Manpower, Reserve Affairs, and Logistics); Deputy Assistant Secretary of Defense for Program Development; Principal Deputy Assistant Secretary; Assistant Professor, Stanford Law School, Stanford University.

Thomas Downs
President and CEO, ENO Foundation. Former Executive Director, National Center for Smart Growth and Education, University of Maryland-College Park; Executive Vice President and Chief Executive Officer, National Home Builders Association; President and Chairman, AMTRAK; Commissioner, New Jersey Department of Transportation; President, Triborough Bridge & Tunnel Authority; City Administrator, Washington, DC; Executive Director, U.S. Urban Mass Transportation Administration; Associate Administrator for Planning and Policy Development, Federal Highway Administration.

Dwight Ink
President Emeritus and former President, Institute of Public Administration. Former Assistant Administrator, Bureau for Latin America and the Caribbean, U.S. Agency for International Development; Assistant General Manager, Atomic Energy Commission; Assistant Secretary, U.S. Department of Housing and Urban Development; Acting Administrator, U.S. General Services Administration; Director, U.S. Community Services Administration; Assistant Director for Executive Management, U.S. Office of Management and Budget, and director of interagency management reforms for several presidents.

Elizabeth Kellar
Deputy Executive Director, International City/County Management Association. Former Associate Director and Director of Communications, International City/County Management Association; Community Relations Officer, City of Sunnyvale, California; Public Relations Director, Central Ohio Heart Association.

C. Morgan Kinghorn
President, National Academy of Public Administration. Former Partner, IBM Business Consulting Services; Chief Financial Officer and Assistant Commissioner and Controller, U.S. Internal Revenue Service; Assistant Director for Financial Management and Deputy Chief Financial Officer (Acting), U.S. Office of Management and Budget. Former Positions with the U.S. Environmental Protection Agency: Deputy Assistant Administrator for Administration and Resources Management; Assistant Administrator (Acting).

Bruce McDowell

President, Intergovernmental Management Associates. Former positions with U.S. Advisory Commission on Intergovernmental Relations: Director of Government Policy Research; Executive Assistant to the Executive Director; Senior Analyst; Analyst. Former Director, Governmental Studies, National Council on Public Works Improvement. Former positions with the Metropolitan Washington Council of Governments: Director, Regional Management Information Service; Assistant Director, Regional Planning; Director, Program Coordination.

Howard Messner

Former President, National Academy of Public Administration; Executive Vice President and Chief Operating Officer, American Consulting Engineers Council; Assistant Administrator for Administration and Resources Management, U.S. Environmental Protection Agency; Comptroller, U.S. Department of Energy; Assistant Director for Management Improvement and Evaluation, U.S. Office of Management and Budget.

Paul Posner

Managing Director, Federal Budget Issues, U.S. General Accounting Office. Former positions with U.S. General Accounting Office: Assistant Director, Intergovernmental Relations Group; Associate Director for Tax Policy and Administration. Director, Federal Program Review, New York City Budget Bureau.

Raymond Scheppach, Jr.

Executive Director, National Governor's Association. Former positions with the Congressional Budget Office: Deputy Director; Assistant Director for Natural Resources and Commerce; Chief, Energy and Transportation Cost Analysis Section. Former Vice President and Senior Consultant for Economic Studies, Jack Faucett Association, Inc.; Economist, The Standard Oil Company.

Charles Wise

Professor, School of Public and Environmental Affairs, Indiana University. Former positions with the School of Public and Environmental Affairs, Indiana University: Associate Dean; Associate Professor; Assistant Professor; Director, Graduate Programs in Public Affairs; Director, Undergraduate Programs in Public Affairs. Former positions with the Office of Legislative and Intergovernmental Affairs, U.S. Department of Justice: Director of Intergovernmental Affairs; Special Assistant for Policy Analysis.

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