

7. Providing Resources for the CI/KR Protection Program

Since the terrorist attacks of September 11, 2001, government and private sector expenditures to improve CI/KR protection and resilience have increased among security partners across sectors and jurisdictional levels. With finite resources available to support protection of the Nation's CI/KR, the NIPP serves as the unifying framework to ensure that CI/KR investments are coordinated and address the highest priorities, based on risk, to achieve the homeland security mission and ensure continuity of the essential infrastructure and services that support the American government, economy, and way of life.

This chapter describes an integrated, risk-based approach to fund the national CI/KR protection program and focus Federal grant assistance to State, local, and tribal entities, and complement relevant private sector activities. This integrated resource approach coordinates CI/KR protection programs and activities conducted by DHS, the SSAs, and other Federal entities through the Federal appropriations process, and focuses Federal grant funds to support national CI/KR protection efforts conducted at the State, local, and tribal levels. This resource approach also includes mechanisms to involve private sector partners in the planning process and supports collaboration among security partners to establish priorities, define requirements, share information, and maximize the use of finite resources. Implementation of this coordinated approach will help ensure that limited resources are applied efficiently and effectively to address the Nation's most critical CI/KR protection needs.

7.1 The Risk-Based Resource Allocation Process

Funding in support of CI/KR protection programs at all levels is guided by a straightforward principle: Resources must

be directed to areas of greatest priority to enable effective management of risk. By definition, all CI/KR assets, systems, and networks are important to the Nation. However, considering the risk factors of threat, vulnerability, and consequences, some assets, systems, networks, or functions are deemed to be more critical to the Nation, as a whole, than others. This chapter provides a process to ensure that the Nation's CI/KR protection resource requirements are correctly identified and appropriately prioritized to meet the Nation's most critical protection needs. Using a risk-based approach, DHS collaborates with other security partners to identify those assets, systems, networks, and functions that are most critical from a national perspective, and lead, integrate, and coordinate a cohesive effort to help ensure their protection. Through the NIPP framework, DHS works with the SSAs, States, and other government and private sector security partners to gain an understanding of how CI/KR protection is being conducted across the country, what priorities and requirements drive these efforts, and how such efforts are funded. This assessment helps DHS to identify duplicative efforts and gaps in CI/KR protection across sectors and jurisdictions. DHS then uses the information gained to recommend funding targeted at the appropriate CI/KR protec-

tive programs or activities that help ensure that government resources are allocated to the areas of greatest priority.

7.1.1 Sector-Specific Agency Reporting to DHS

Given their unique capabilities and individual risk landscapes, CI/KR sectors each face different protection challenges. For instance, some sectors have distinct, easily identifiable assets that can be logically prioritized. Some have thousands of identical assets, not all of which are equally critical. Others are made up of systems or networks, as opposed to distinct assets, for which the identification of specific protective measures may prove to be impossibly complex. Furthermore, interdependencies among sectors can cause duplicative protection efforts or lead to gaps in funding for CI/KR protection. To ensure that resources are allocated according to national priorities and are based on national risk and need, DHS must be able to accurately assess priorities, requirements, and efforts across these diverse sectors.

As DHS conducts this assessment, the SSAs, supported by their respective SCCs and GCCs, provide information regarding their sectors' individual CI/KR protection efforts. The SCCs participate in the process to ensure that private sector input is reflected in SSA reporting of sector priorities and requirements. The first step for an SSA in the risk-based resource allocation process is to coordinate with sector partners, including SCCs and GCCs as appropriate, to accurately determine sector priorities, program requirements, and funding needs for CI/KR protection. HSPD-7 requires each SSA to provide an annual report to the Secretary of Homeland Security on their efforts to identify, prioritize, and coordinate CI/KR protection in their respective sectors. Consistent with this requirement, DHS will provide the SSAs with reporting guidance and templates that include requests for specific information, such as CI/KR protection priorities, requirements, and resources. The following elements should be included in the Sector CI/KR Protection Annual Report to help inform prioritization resource allocation recommendations:

- Priorities and annual goals for CI/KR protection and associated gaps;
- Sector-specific requirements for CI/KR protection activities and programs based on risk and need; and
- Projected CI/KR-related resource requirements for the sector, with an emphasis on anticipated gaps or shortfalls in funding for sector-level CI/KR protection and/or for protection efforts related to national-level CI/KR that exist within the sector.

7.1.2 State Government Reporting to DHS

Like sectors, State governments face diverse CI/KR protection challenges and have different priorities, requirements, and available resources. Furthermore, State CI/KR protection efforts are closely intertwined with those of other government and private sector partners. In particular, States work closely with local and tribal governments to address CI/KR protection challenges at those levels. To accurately assess the national CI/KR protection effort and identify protection needs that warrant attention at a national level, DHS must aggregate information across State jurisdictions as it does across sectors.

DHS requires that each State develop a homeland security strategy that establishes goals and objectives for its homeland security program that include CI/KR protection as a core element. State administrative agencies develop a Program and Capability Enhancement Plan that prioritizes statewide resource needs to support this program. The State administrative agency works with DHS to identify:

- Priorities and annual goals for CI/KR protection;
- State-specific requirements for CI/KR protection activities and programs, based on risk and need;
- Mechanisms for coordinated planning and information sharing with government and private sector security partners;
- Unfunded CI/KR protection initiatives or requirements that should be considered for funding using Federal grants (described in further detail below); and
- Other funding sources utilized to implement the NIPP and address identified priorities and annual goals.

For consideration in the deliberations related to CI/KR protection resources as part of the Federal budget cycle, information on statewide CI/KR resources needs must be reported to DHS by the date specified in the appropriate annual DHS/G&T planning guidance. DHS/G&T will include information such as model reports or report templates with the planning guidance to support the States' reporting efforts.

7.1.3 Aggregating Submissions to DHS

DHS will use the information collected from the SSA Sector CI/KR Protection Annual Reports and State reports to DHS/G&T to assess CI/KR protection status and requirements across the country. As national priorities and requirements are established, DHS will develop funding recom-

recommendations for programs and initiatives designed to reduce national-level risk in the CI/KR protection mission area. In cases where gaps or duplicative efforts exist, DHS will work with the SSAs and the States to identify strategies or additional funding sources to help ensure that national CI/KR protection priorities are efficiently and effectively addressed.

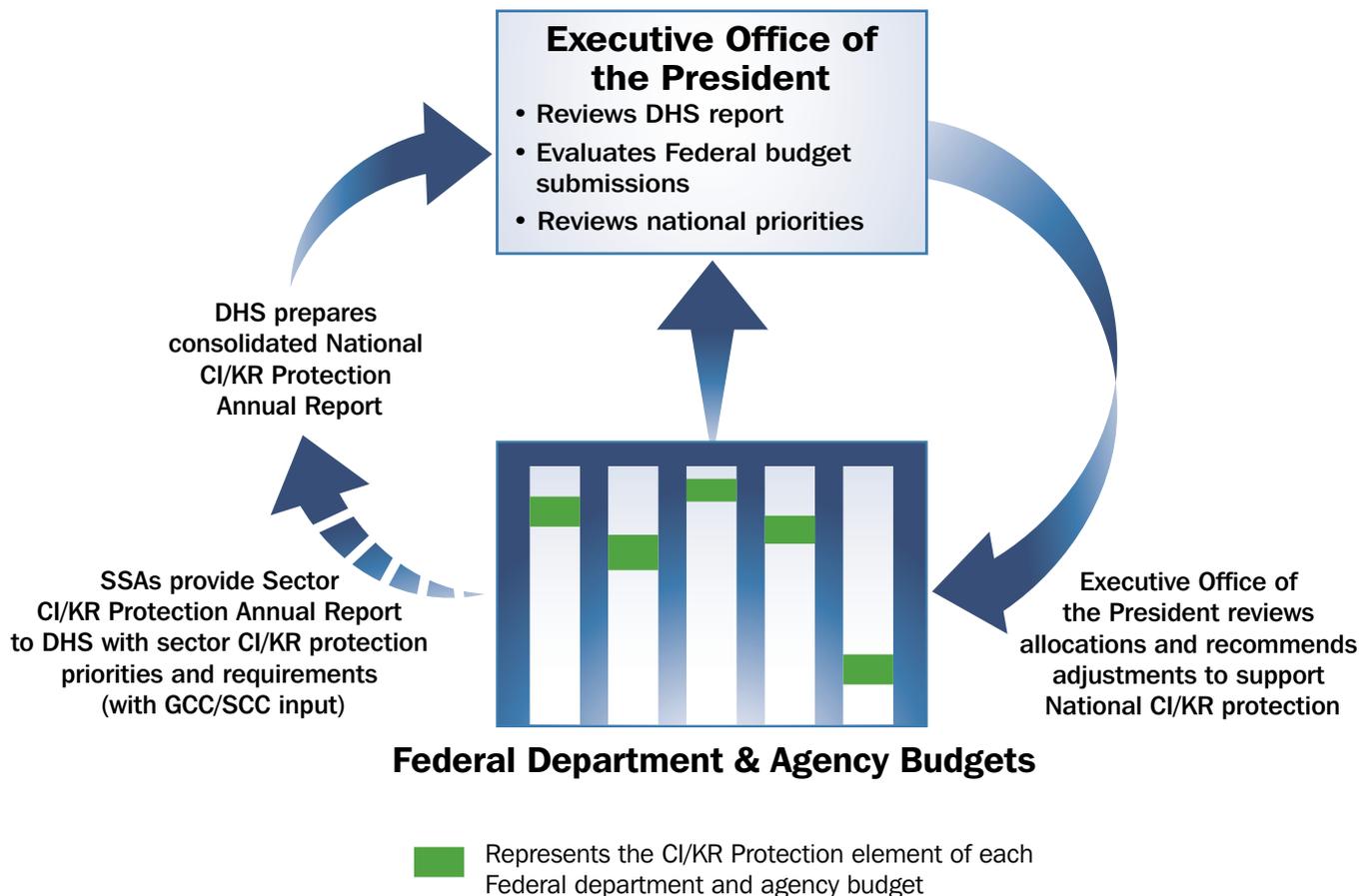
Following the collection and aggregation of sector- and State-level reports, DHS will summarize this information in the National CI/KR Protection Annual Report. This report will provide a summary of national CI/KR protection priorities and requirements and make recommendations for prioritized resource allocation across the Federal Government to meet national-level CI/KR protection needs. The National CI/KR Protection Annual Report will be submitted along with the DHS budget submission to the Executive Office of the President on or before September 1 as part of the annual Federal budget process (see figure 7-1).

7.2 Federal Resource Allocation Process for DHS, the SSAs, and Other Federal Agencies

The Federal resource allocation process described in this section is designed to ensure that the collective efforts of DHS, the SSAs, and other Federal departments and agencies support the NIPP and national priorities. It is also designed to be consistent with the DHS responsibility to coordinate overall national CI/KR protection and to identify national-level gaps, overlaps, or shortfalls. Driven in large part by existing and well-understood Federal budget process milestones, this approach will be integrated with the established Federal budget process and reporting requirements. The resource allocation process for CI/KR protection outlined in this chapter recognizes the existing budget authorities and responsibilities of all Federal departments and agencies with CI/KR protection-related programs and activities. The NIPP process

Figure 7-1: National CI/KR Protection Annual Report Process

National CI/KR Protection Annual Report



aims to create synergy between current and future efforts to ensure a unified and effective national CI/KR protection effort. The specific roles of DHS and the SSAs are described in further detail below.

7.2.1 Department of Homeland Security

DHS is responsible for overall coordination of the Nation’s CI/KR protection efforts. To carry out this responsibility, DHS must identify and prioritize nationally critical assets, systems, and networks; help ensure that appropriate protective initiatives are implemented; and help address any gaps or shortfalls in the protection of nationally critical CI/KR. DHS works closely with the Executive Office of the President to aggregate CI/KR protection-related activities and related resource requests from the SSAs and other Federal depart-

ments and agencies as a way to make informed tradeoffs in prioritizing Federal investments.

DHS will work with the Executive Office of the President offices to establish a national CI/KR protection strategic approach and priorities, and with the SSAs, supported by their respective SCCs and GCCs, to develop sector-specific CI/KR protection-related requirements. Driven largely by the identification and prioritization of critical assets, systems, networks, and functions across sectors and States, the establishment of national protection priorities will help inform resource allocation decisions later in the process. SSAs communicate information about their existing CI/KR protection-related programs and outstanding requirements to DHS through their Sector CI/KR Protection Annual Reports. DHS uses the sector annual reports to inform the National CI/KR Protection Annual Report. The National CI/KR

Figure 7-2: National CI/KR Protection Annual Report Analysis

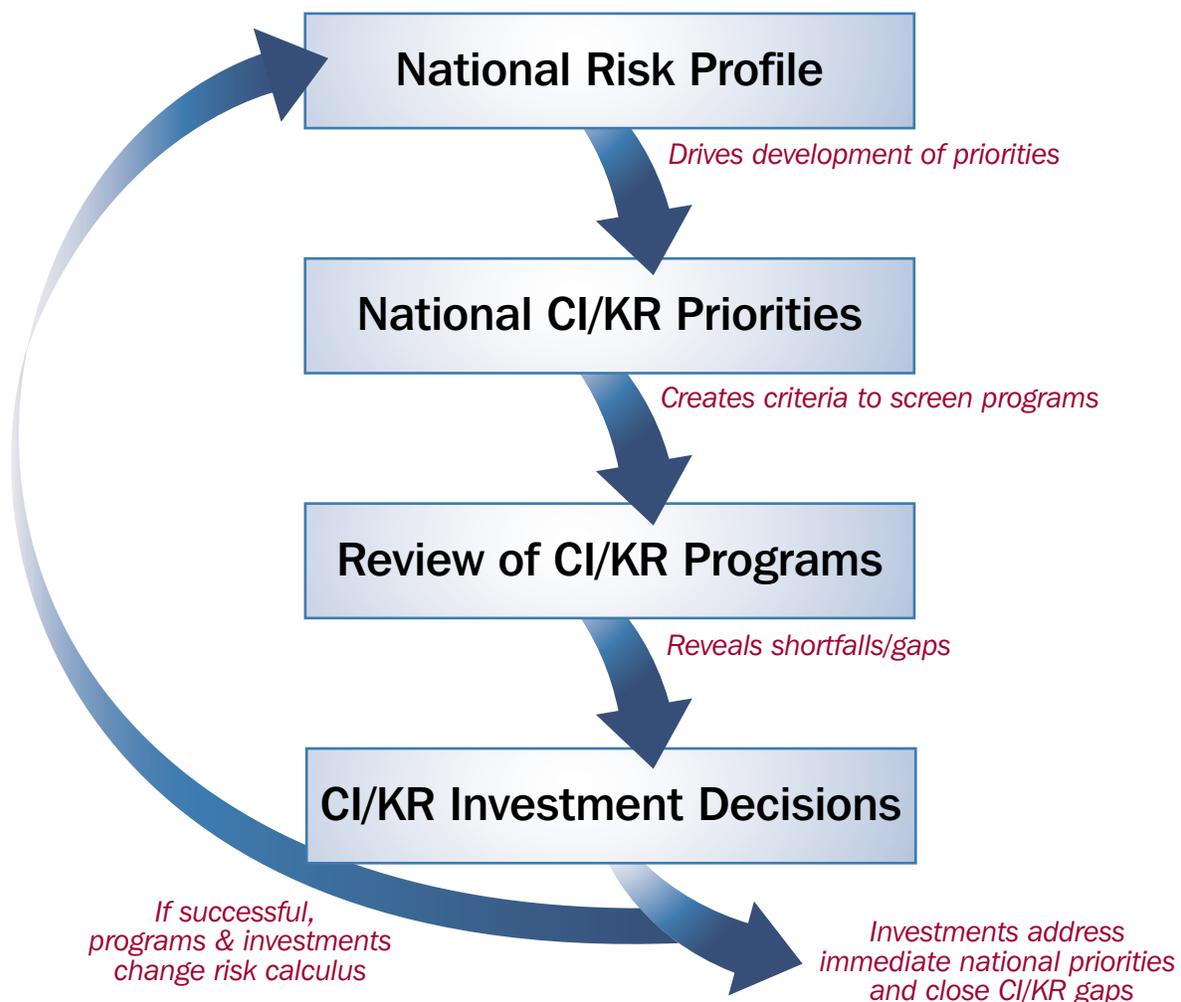


Figure 7-3: DHS and SSA Roles and Responsibilities in Federal Resource Allocation

	DHS	Sector-Specific Agencies
Feb-July	<ul style="list-style-type: none"> • Work with HSC to establish national NIPP priorities • Through partnership mechanisms such as SCCs and GCCs, work with SSAs to develop national and sector-specific NIPP requirements 	<ul style="list-style-type: none"> • Work with DHS in development of national and sector-specific NIPP requirements • Develop NIPP-related aspect of budget submission with support of DHS where necessary and consistent with NIPP requirements established through collaborative process
July-Sep	<ul style="list-style-type: none"> • Aggregate Annual Reports from all sectors to develop picture of national NIPP-related priorities and requirements • Submit National CI/KR Protection Annual Report on September 1 	<ul style="list-style-type: none"> • On July 1, submit Sector CI/KR Protection Annual Report to DHS that includes summary of existing NIPP-related programs
Sep-Nov	<ul style="list-style-type: none"> • Work with OMB and SSAs to remedy any gaps or shortcomings in NIPP-related funding, focusing on ensuring funding of programs associated with nationally critical assets, systems, networks, or functions 	<ul style="list-style-type: none"> • Work with OMB and DHS in subsequent budget deliberations to remedy any gaps or shortfalls in NIPP-related funding

Protection Annual Report analyzes information about sector priorities, requirements, and programs in the context of the National Risk Profile, a high-level summary of the aggregate risk and protective status of all sectors. The National Risk Profile drives the development of national priorities, which, in turn, are used to assess existing CI/KR programs and to identify existing gaps or shortfalls in national CI/KR protection efforts. This analysis provides the Executive Office of the President with information that supports both strategic and investment decisions related to CI/KR protection.

7.2.2 Sector-Specific Agencies

Earlier chapters of the NIPP articulate how DHS and the SSAs will work with the respective CI/KR sectors to determine risk and set priorities. Based on guidance from DHS, each SSA will develop and maintain an SSP that supports the NIPP goal

and supporting objectives. Additionally, the SSAs, in partnership with the SCCs and GCCs, are asked to determine sector-specific priorities and requirements for CI/KR protection. The SSAs submit these priorities and requirements to DHS in their sector annual reports, along with identification of resource needs, to allow for a more comprehensive National CI/KR Protection Annual Report. SSAs will work within their respective department or agency budget process to determine the CI/KR protection-related aspects of their department’s budget submission. SSA annual reports are submitted to DHS on or before July 1 of each year. Resource information contained in the SSA annual reports is based on appropriated funding, as well as the President’s most recent budget.

Additionally, the subset of CI/KR protection funding requirements directed toward R&D and S&T investments will be highlighted by the SSAs, SCCs, and GCCs in the sector annual

reports to inform the NCIP R&D Plan and its technology roadmap, while ensuring efficient coordination with the DHS R&D/S&T community and supporting the Federal research and technology base. These R&D and S&T plans and requirements will be based on the R&D planning section of each sector's SSP. The identified R&D requirements will be prioritized based on the potential increase in CI/KR protection capabilities for a given investment.

7.2.3 Summary of Roles and Responsibilities

Figure 7-2 outlines the roles and responsibilities of DHS and the SSAs throughout this process, as well as the annual timelines associated with major activities.

The final determination of funding priorities, based on the collaborative efforts of DHS, the SSAs and other Federal departments and agencies, and the Executive Office of the President, will guide CI/KR protection programs and the allocation of resources in support of the NIPP. These priorities will support Federal Government (DHS and SSA) CI/KR protection activities, as well as guide and support homeland security and CI/KR protection activities across and within State, local, and tribal jurisdictions.

7.3 Federal Resources for State and Local Government Preparedness

Federal grants from DHS and Federal agencies, and other programs, such as training and technical assistance, offer key support to State and local jurisdictions for CI/KR protection programs. These grants and other programs provide resources to meet CI/KR needs that are managed by State and local entities.

DHS/G&T is responsible for coordinating Federal homeland security grant programs to help State, local, and tribal governments enhance their ability to prevent, protect against, respond to, and recover from terrorist acts or threats and other hazards. DHS/G&T offers State, local, and tribal security partners access to funding through several grant programs that can be leveraged to support CI/KR protection requirements based on risk and need.

For the purposes of the NIPP, Federal grants available through DHS/G&T can be grouped into two broad categories: (1) overarching homeland security programs that provide funding for a broad set of activities in support of homeland security mission areas and the national priorities outlined in the National Preparedness Goal, and (2) targeted infrastructure protection programs for specific CI/KR-related

protection initiatives and programs within identified jurisdictions. States should leverage the range of available resources, including those from Federal, State, local, and tribal sources, as appropriate, in support of the protection activities needed to reduce vulnerabilities and close identified capability gaps related to CI/KR within their jurisdictions.

Overarching Homeland Security Programs: The Overarching Homeland Security Grant Program supports activities that are conducted in accordance with the National Preparedness Goal. These funds support overall State and local homeland security efforts, and can be leveraged to support State, regional, local, and/or tribal CI/KR protection. These funds are intended to complement and be allocated in coordination with national CI/KR protection efforts.

The primary overarching homeland security grant programs include:

- **State Homeland Security Program:** The SHSP supports the implementation of the State Homeland Security Strategy to address identified planning, equipment, training, and exercise needs for acts of terrorism. In addition, SHSP supports the implementation of the National Preparedness Goal, the NIMS, the NRP, and the NIPP to support the prevention of, protection against, response to, and recovery from acts of terrorism.
- **Urban Areas Security Initiative:** UASI funds address the unique planning, equipment, training, and exercise needs of high-threat, high-density urban areas, and assist them in building an enhanced and sustainable capacity to prevent, protect against, respond to, and recover from acts of terrorism.

Targeted Infrastructure Protection Programs: Targeted infrastructure protection programs include grants for specific activities that focus on the protection of CI/KR, such as ports, mass transit, rail transportation, etc. These funds support CI/KR protection capabilities based on risk and need in coordination with DHS, SSAs, and Federal agencies. Though recent appropriations have been divided among specific sectors, DHS seeks to combine these grants into a program that supports a more integrated risk-based approach across CI/KR sectors.

DHS/OIP and DHS/G&T will work with States to focus targeted infrastructure protection grant programs, such as the BZPP and transportation security grants, to support national-level CI/KR protection priorities and to reinforce activities funded through Federal department and agency budgets and other homeland security grant programs. As appropriate,

SSAs serve as subject matter experts reviewing and providing recommendations for specific target grant programs. Grantees should apply resources available under the overarching homeland security grant programs, such as SHSP and UASI to address their regionally or locally critical priority CI/KR protection initiatives. A further prioritized combination of grant funding across various programs may be necessary to enable the protection of certain assets, systems, networks, and functions deemed to be nationally critical.

Available DHS/G&T grant funding is awarded to the Governor-appointed State administrative agency, which serves in each State as the lead for program implementation. Through the State administrative agencies, States will identify and prioritize their homeland security needs, including CI/KR protection, and leverage assistance from these funding streams to accomplish the priorities identified in their State Homeland Security Strategies, and Program and Capability Enhancement Plans. These planning processes undertaken at the State level are built on the common framework articulated in the National Preparedness Goal; the National Priorities, including implementation of the NIPP; and capabilities enhancements based on the TCL.

DHS will provide State, local, and tribal authorities with additional guidance on how to identify, assess, and prioritize CI/KR protection needs and programs in support of the National Preparedness Goal as they apply for homeland security grants. Additional information on DHS grant programs, guidelines, allocations, and eligibility is available at: www.ojp.usdoj.gov/odp/.

7.4 Other Federal Grant Programs That Contribute to CI/KR Protection

Other Federal departments and agencies provide grant programs that can contribute to CI/KR protection. These are usually sector- or threat-specific programs; many are related to technology development initiatives. Examples of these grant programs include:

- **Department of Energy:** DOE manages grant programs for the development of technologies for assurance of the U.S. energy infrastructure. These programs address the development and demonstration of technologies and methodologies to protect physical energy infrastructure assets. Technologies and methodologies of relevance are those that accomplish security and reliability functions such as hardening of assets; surveillance; non-invasive inspection of sealed containers; remote detection; and characterization

of damage, entry control, perimeter monitoring, detection of explosives, and improved electricity reliability.

- **Department of the Interior:** The Bureau of Indian Affairs manages a grant program for the Safety of Dams on Indian Lands with the objective of improving the structural integrity of dams on Indian lands. Financial awards are specific to a given site; awards are restricted to Indian tribes or tribal organizations.
- **Department of Justice:** The National Institute of Justice (NIJ), Office of Justice Programs, manages a grant program for Domestic Anti-Terrorism Technology Development. The objective of the program is to support the development of counterterrorism technologies, assist in the development of standards for those technologies, and work with State and local jurisdictions to identify particular areas of vulnerability to terrorist acts and to be better prepared to respond if such acts occur. The NIJ is authorized to make grants to, or enter into contracts or cooperative agreements with, State and local governments, private nonprofit organizations, public nonprofit organizations, for profit organizations, institutions of higher education, and qualified individuals. Applicants from the Territories of the United States and federally recognized Indian tribal governments are also eligible to participate in this program.
- **Department of Transportation:** The Pipeline and Hazardous Materials Safety Administration Pipeline Safety grant program supports efforts to develop and maintain State natural gas, liquefied natural gas, and hazardous liquid pipeline safety programs. Grant recipients are typically State government agencies.
- **Department of Transportation:** The Federal Transit Administration is a grants-in-aid agency that has several major assistance programs for eligible activities. Funds are provided through legislative formulas or discretionary authority. Funding from these programs is provided on an 80/20 Federal/local funding match basis, unless otherwise specified. These assistance programs can contribute to CI/KR protection efforts through funding for metropolitan and State planning and research grants; urban, non-urban, and rural transit assistance programs; bus and railway modernization efforts; major capital investments; and special flexible-funding programs.

These programs are available to a wide range of grant recipients, including CI/KR owners and operators and State, local, and tribal governments.

7.5 Setting an Agenda in Collaboration With CI/KR Protection Security Partners

Resource allocation decisions for CI/KR protection at all levels of government should align as integral components of the unified national approach established in the NIPP. In accordance with the responsibilities established in HSPD-7, DHS works with the SSAs and other government and private sector security partners to set the national agenda that specifies this strategic approach to CI/KR protection, articulates associated requirements, supports collaboration among security partners, and recognizes the contributions of private sector partners to the overall effort. While Federal Government funding of programs and initiatives that support CI/KR protection makes a significant contribution to the security of the Nation, a fully successful effort requires DHS; the SSAs; and State, local, and tribal governments to work closely with the private sector to promote the most effective use of Federal and non-Federal resources.

The NIPP uses the risk management framework to support coordination between security partners outside the Federal Government. Each step of the risk management framework presents opportunities for collaboration between and among all security partners. Coordination between State and local agencies and the sectors themselves ensures that cross-sector needs and priorities are more accurately identified and understood. Government coordination with private sector owners and operators at all levels is required throughout the process to ensure a unified national CI/KR protection effort; provide accurate, secure identification of CI/KR assets and systems; provide and protect risk-related information; ensure implementation of appropriate protective measures;

measure program effectiveness; and make required improvements.

These opportunities for collaboration allow private sector owners and operators to benefit from CI/KR protection investments in a number of ways. First, investments in CI/KR protection will enable risk mitigation in a broader, all-hazards context, including common threats posed by malicious individuals or acts of nature, in addition to those posed by terrorist organizations. Second, continuity-of-business planning can facilitate recovery of commercial activity after an incident. Finally, investing in CI/KR protection within the NIPP framework will help private sector owners and operators enhance protective measures, and will support decisionmaking with more comprehensive risk-based information. DHS explores new opportunities to encourage such collaboration through incentives (such as the SAFETY Act), which creates liability protection for sellers of qualified anti-terrorism technologies), regulatory changes, and by providing more useful information on risk assessment and management. While States typically are the eligible applicants for DHS grant programs, certain private sector entities can apply directly for grant funds through programs such as the Port Security Grant Program and the Intercity Bus Security Grant Program.

More information about the NIPP is available on the Internet at: www.dhs.gov/nipp or by contacting DHS at: nipp@dhs.gov

Example: Leveraging Resources to Support Homeland Security and CI/KR Protection Activities of a Mass Transit System

The following example provides an illustration of how the various funding sources described in this chapter can work together in a practical situation to address the CI/KR protection needs of a local system that, through implementation of the NIPP risk management framework and SSP processes, is deemed to be critical to the Nation. This example focuses on a mass transit system in a community that participates in the UASI program.

In this situation, the following resources may be applied to support the safety and security of the mass transit system:

Owner/Operator Responsibilities

The local mass transit authority, as the owner and operator of the system, funds system-specific protection and security measures, including resiliency and business continuity planning activities, for the system on a day-to-day basis.

State, Local, and Tribal Government Responsibilities

State, local, and tribal governments support the day-to-day protection of the public; enforce security, protective, and preventive measures around the system's facilities; and provide response and/or recovery capabilities should an incident occur.

Federal Support and Grant Funding

Assistance from the Federal Government through a variety of resources, including grants (both targeted infrastructure protection grant programs and overarching homeland security grant programs), training, technical assistance, and exercises, further support and enhance ongoing homeland security and CI/KR protection activities. In this example, DHS, as the SSA for the Transportation sector; TSA; DOT; and the USCG may contribute to the protection efforts through either appropriated program funds or grants. Based on eligibility, a range of grants may support the overall protection of this system, including:

- If the mass transit system is eligible for targeted infrastructure protection program funding, such as the Transit Security Grant Program, this funding source may be leveraged to support security enhancements for the mass transit system.
- If the mass transit system is eligible under the BZPP, this funding source may also be leveraged to improve security around the system or enhance preparedness capabilities within the surrounding community.
- Homeland Security grant program funding from programs such as the SHSP, UASI, and Law Enforcement Terrorism Prevention Program may be leveraged to enhance prevention, protection, response, and recovery capabilities in and around the mass transit system if the system is deemed critical by the State and/or local authorities within their homeland security strategies and priorities, and in accordance with allowable cost guidance.
- The Assistance to Firefighters Grant Program may be leveraged to support preparedness capabilities of the local fire department that are necessary to protect the system within the city.
- Federal Transit Administration grant programs to support metropolitan and State planning may be leveraged to provide planning for upgrades to the system, which include more resilient CI/KR design, and the major capital investments and special flexible-funding grant programs may be leveraged to help build these improvements.

All of these resources, used in support of the region's mass transit system, are coordinated with State and urban area homeland security strategies, as well as the applicable Regional Transit Security Strategy. Additionally, other services, training, exercises, and/or technical assistance (for example, the DHS/G&T Mass Transit Technical Assistance Program, which includes a facilitated risk assessment) may be leveraged from a variety of Federal partners.

