

The Economics of Homeland Security

By Chuck Hansen
Chairman and CEO
Hansen Information Technologies

Abstract

A chemical spill during the afternoon commute, an unlicensed high rise scaffolding that falls, a gas line rupture by an independent contractor, a nightclub disaster that could have been avoided if the fire exits weren't blocked, and a runaway train intentionally derailed. These are just some of the stories that have made headlines since September 11th, and local government officials most often are the ones held accountable by their constituents to underwrite the cost of clean-up, suffer the drop in sales tax revenues from business disruptions, pay overtime costs from crime scene forensic investigations, and face the constant media barrage and risk of lawsuits.

Welcome to local government and the new economics for homeland security.

The cost of homeland security is more than just protecting people and property from deliberate attacks from terrorists. It also includes the cost of emergency preparedness, mitigation, crisis management, response to threats, and recovery from natural disasters (e.g., floods, tornadoes, earthquakes, wild fires, hurricanes, etc.), accidents (e.g. operator error, equipment malfunctions, decaying infrastructure, unintended events, etc.), and criminal activities. Not limited to Police, Fire and EMA, the cost of homeland security is borne throughout every major department of local government. Yet, the lack of generally acceptance performance levels hinders top-down and bottom-up planning efforts.

This presentation focuses on the economic costs of homeland security; identifying key components of the typical homeland security 'transaction,' including associated expenses, potential revenue sources, and capital investment in related critical infrastructure. Learn how some cities and counties are beginning to modify their management systems to begin tracking their business activities capable of determining the cost of protecting their home front. Borrowing from traditional return on asset calculations that drive commercial businesses, a new municipal ROA is offered to better define the cost of utilizing available resources and the funding needed to protect our communities.

About the Author

Mr. Hansen is Chairman and CEO of Sacramento-based Hansen Information Technologies. Founded in 1983, Hansen serves nearly 400 government clients supplying the world's leading public sector call center, asset management, building permit, code enforcement, licensing, and utility billing solutions, conducting over 1.2 billion transactions each year. Major clients include the cities of Atlanta, Buffalo, Chicago, Dallas, Ft. Lauderdale, Indianapolis, Las Vegas, Los Angeles, New York City, San Antonio, Seattle, Washington DC, Fairfax County, VA, Montgomery County, MD, and the State of California, Department of Transportation (Caltrans).



As a private company that employs 250 people, with international offices in London, Melbourne, Sydney, and Toronto, Hansen maintains one of the most comprehensive databases of municipal performance information, including over 3.5 million completed service requests, 13 million completed work orders, and over \$2.4 billion in labor, material, and equipment costs. Client data also includes information on over 1 million buildings, 100,000 miles of roads, 110,000 bridges, 100,000 miles of water & sewer main, 400,000 hydrants, 1 million valves, and over 160,000 miles of railroad.

Mr. Hansen is a recognized expert in the field of critical infrastructure protection, streamlining government operations, and deploying municipal web portals capable of managing high volume transactions between citizens, businesses, and local government. Each August, Mr. Hansen sponsors the Innovative Government Forum (<http://www.innovativegov.com>) highlighting technical case studies from leading state and local governments. Last year's conference featured Vice President Al Gore and General Barry McCaffery (U.S. Army Retired) as keynote speakers. This year's conference will feature former NYC Mayor Rudy Giuliani and Former Director of the CIA, Admiral. Stansfield Turner (U.S. Navy Retired).

Mr. Hansen earned his B.S. from the University of California, Berkeley (1978), where he rowed collegiate crew, and earned his M.B.A. from the Anderson School of Management at UCLA (1982). Mr. Hansen lives in Carmichael, California with his wife and three children. In his spare time Chuck plays Baritone Sax with Sacramento-based R&B funk band, Hip Service (<http://www.hipservice.com>).

Contact:

Mr. Chuck Hansen, Chairman and CEO
Hansen Information Technologies
1745 Markston Road
Sacramento, California 95825-4026
Tel: 916-921-0883
Fax: 916-921-6620
Email: chuck.hansen@hansen.com

Website: <http://www.hansen.com>

