

RESTRUCTURING GOVERNMENT FOR HOMELAND SECURITY

HEARING

BEFORE THE

COMMITTEE ON THE BUDGET HOUSE OF REPRESENTATIVES

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RESTRUCTURING GOVERNMENT FOR HOMELAND SECURITY

WEDNESDAY, DECEMBER 5, 2001

HOUSE OF REPRESENTATIVES,
COMMITTEE ON THE BUDGET,
Washington, DC.

The committee met, pursuant to call, at 10:12 a.m. in room 2118, Rayburn House Office Building, Hon. Jim Nussle (chairman of the committee) presiding.

Members present: Representatives Nussle, Thornberry, Ryun, Collins, Fletcher, Watkins, Hastings, Schrock, Spratt, McDermott, Bentsen, Price, Moran, Hooley, McCarthy, Moore, and Holt.

Chairman NUSSLE. Good morning. The Committee on the Budget will come to order. We are not where we are supposed to be, which is especially fun for me today, because when I was a freshman Member of Congress, I served on the Banking Committee, and it was in this room where I had some of my very first committee meetings, and Henry Gonzales, whose picture hangs on the wall over here to my right, was the chairman. It was always a very interesting experience to work with Henry on banking issues, a real gentleman and someone that I admired, even though we disagreed on a number of issues at that time. But it is a real honor for me to be back in the Finance Committee room, Financial Services Committee room, Banking Committee room.

We appreciate Chairman Oxley and the Finance Committee's willingness to allow us to use the hearing room, as ours is being renovated, hopefully so that we can begin the budget process when we return to session next year.

Today's hearing is the second in a series of Budget Committee hearings that will examine how the Federal Government organizes itself for fighting terrorism in ensuring domestic security. As our previous hearing made clear, with at least 43 agencies across the Federal Government having some responsibility for combatting terrorism, it is vital that we know who is in charge and what the coordinating mechanisms are and who controls those resources.

Strengthening our national security against deadly criminals and terrorists, requires inner agency cooperation and coordination on an unprecedented scale. This hearing will focus on the following key issues, what deficiencies and preparedness were demonstrated by events of September 11, what is our current state of preparedness, what changes have been made and what changes are being considered for the future in programs, organization, infrastructure and how will the budget impact of all of these very important questions. We know that we are going to need to make some additional

investments, and where are those greatest needs for those investments?

The war on terrorism is being fought against an unconventional enemy with no moral inhibition about using unconventional weapons. We may be facing chemical threats, biological warfare, or even the nightmare scenario of something nuclear. But the frightening impact of such an attack on the United States has to be confronted, otherwise we will be unprepared for the catastrophe and the reality that follows.

The cost of an uncoordinated, ineffective response will be paid in human lives, loss of civil liberties and economic disruption that could fundamentally undermine our national security and the way of life.

Testifying today will be the following individuals, and we are honored to have them all here today. Scott Lillibridge, who is the special assistant to the Secretary of Health and Human Services for bioterrorism. He will join with us today to discuss the status of the Health and Human Services' response to the anthrax attacks and potential enhancements to counter future attacks. Joseph Mahaley, director of the Office of Security Affairs for the Department of Energy. He will be here to discuss the status of the Department of Energy's security measures in light of the unprecedented terrorist threats. Kenneth Baker, principal deputy administrator for the Defense Nuclear Nonproliferation, Department of Energy, will be here to discuss the status of the government's nonproliferation programs.

I look forward to a very interesting and candid exchange. The reason for this hearing today was because the leadership of our ranking member, John Spratt, who requested it at the previous hearing. We appreciate the suggestion. We were very interested in accommodating this hearing as a result, and I recognize you now for any statement you would like to make.

Mr. SPRATT. Thank you very much, Mr. Chairman. I do appreciate the fact that you have called this hearing and have worked to make it an effective and fruitful hearing.

Since January of this year, our budget has changed, and changed drastically. We began the year with a situation where we were flushed with surpluses, \$5.6 trillion according to CBO over the next 10 years. Right now we find that \$5.6 trillion surplus diminished to as little as \$2.6 trillion, and most of that consists of Social Security and Medicare.

There have been policy changes. There have been economic changes, but there has also been a change which we have yet to monetize, to put a price tag or a dollar cost upon, and those are the changes that follow from the events of September 11. We have been privileged for all of our history to live buffered by two oceans, privileged by geography. We have largely not had to contend with our enemies on our own soil. We could deal with them somewhere else. Now we are going to have to turn our focus to internal defenses, as much as external defense, and deal with vulnerabilities that have been there for years, decades literally, but we have not had to worry about them because they weren't problems.

The security of our airlines, the security of our transportation system, our electricity grid, all kinds of different threats. And one

of the threats that most concerns us is the threat of chemical, biological and nuclear warfare due to the spread of this kind of technology.

What we have seen now is we have got an enemy that has insidious potential, and coupled with these kinds of weapons, it could do enormous damage to our country in very unsuspecting places. The question for us on the Budget Committee is, what does this add to the budget, what is the cost of it going to be? We have seen a lot of the back-of-the-envelope exercises as we begin to identify these particular vulnerabilities and try to decide or prioritize which need to be protected first.

Usually we see the initial cost. That is only part of it. We also need to know the recurring costs.

Today is not just a satellite hearing. Today is what the new budget will have to contend with and accommodate if we are going to directly and squarely address the threat that faces the United States of America today. We appreciate all of our witnesses coming in from different viewpoints, and we look forward to your testimony and your participation in the hearing.

Chairman NUSSLE. Thank you, Mr. Spratt. I ask unanimous consent that all members have 7 days to submit written statements for the record at this point. Without objection, so ordered.

STATEMENTS OF DR. SCOTT LILLIBRIDGE, SPECIAL ASSISTANT TO THE SECRETARY OF HEALTH AND HUMAN SERVICES FOR BIOTERRORISM, ACCOMPANIED BY JOHN MCBROOM, DIRECTOR OF EMERGENCY MANAGEMENT; JOSEPH MAHALEY, DIRECTOR, OFFICE OF SECURITY AFFAIRS FOR THE DEPARTMENT OF ENERGY; AND KENNETH BAKER, PRINCIPAL DEPUTY ADMINISTRATOR, DEFENSE NUCLEAR NON-PROLIFERATION, DEPARTMENT OF ENERGY

Chairman NUSSLE. Let us begin today with Scott Lillibridge, special assistant to the Secretary of Health and Human Services for bioterrorism. We welcome all three of you, but Special Assistant Secretary of Health and Human Services, we are very interested in your testimony, and we would ask your written statement to be in the record, and we would ask you to proceed as you would like. Welcome.

STATEMENT OF SCOTT LILLIBRIDGE

Dr. LILLIBRIDGE. Thank you. Mr. Chairman and members of the committee, I am Scott Lillibridge, Special Assistant to the Secretary for National Security and Emergency Management. Thank you for having me here today to discuss HHS's role in preparing our Nation for nuclear, biological and chemical attacks.

Our department's work has primarily been in the area of bioterrorism response. To say we have been busy lately would be an understatement. Under Secretary Thompson's leadership, we have mounted an unprecedented national public health response involving our agencies, our State and local health departments, and all the capacities of NIH, FDA, CDC and our other agencies.

HHS is the primary agency responsible for the health and medical response under the Federal response plan. Under FEMA's Federal response plan. This plan provides HHS with the framework to

respond with FEMA and 26 other Federal agencies, along with the American Red Cross. Prior to September 11, the attack on the United States, HHS, through the Centers for Disease Control and Prevention, had made substantial gains in addressing HHS's role in preparing for the response to bioterrorism. Since September 11, this progress has been dramatically accelerated and HHS has been in constant communications with its agencies, as well as other Federal, State and local governments in order to assure our preparedness to protect the Nation's health in future attacks.

To support that process, President Bush has requested an additional \$1.5 billion as a supplemental to the fiscal year 2002 request to strengthen our ability to respond to bioterrorism, particularly at the State and local level. Within HHS, the component agencies are each moving ahead with programs to further support these efforts.

Allow me to describe some of these programs. Over the past 3 years, CDC has awarded grants to 50 States, one territory, and four major metropolitan departments to support the goals of building infrastructure and increasing response capacity. The funded programs have included for this year, at least a request for 300 million more for State and local preparedness that include the Health Alert Network, our Laboratory Response Network, and the Epidemiologic or Disease Detective Information Exchange System.

The Health Alert Network is a nationwide integrated electronic communication system for public health professionals to share health advisories, distance-based learning and laboratory findings and other information relevant to disease outbreaks.

It proved useful during the anthrax mobilization over the past 2 months. Health Alert Network also provides high-speed Internet connections and tailored content to local health officials and other essential personnel.

The laboratory response network is a partnership among the Association of Public Health Laboratories, APHL, CDC and the Federal Bureau of Investigation, State, public health laboratories and the Department of Defense and the Nation's clinical laboratories. The LRN, as it is called, is designed to ensure that the highest level of containment, expertise and the identification of rare and lethal biologic agents is available at the most local level in an emergency event. The LRN also includes the rapid response and advanced technology laboratory at CDC, which has the sole responsibility for providing rapid and accurate triage and subsequent analysis of biologic agents suspected or terrorism—suspected or being terrorist weapons. It is been useful in our response for hoaxes and real response over the past several months.

The final example is the Epidemic Information Exchange System, a secure Web-based communications network that will strengthen bioterrorism preparedness efforts by facilitating the sharing of preliminary information about disease outbreaks and other health events among officials across jurisdictions and provide experience in the use of secure communications for public health workers.

The HHS Office of Emergency Preparedness has also been providing assistance at the State and local level, by developing local metropolitan medical response systems, MMRS. Through contractual relationships, the MMRS uses existing emergency response systems, emergency management, medical and mental health pro-

viders, public health departments, law enforcement, fire departments, EMS and the national guard to provide an integrated unified response to mass casualty events. As of September 30th, 2001, this office had contracted with 97 municipalities to provide MMRS systems and during fiscal year 2002, we intend to invest in 25 additional cities for a total of 122 locations for bioterrorism-related planning through the MMRS system.

Our Office of Emergency Preparedness also coordinates the National Disaster Medical System, a group of more than 7,000 volunteer health and support professionals who can be deployed anywhere in the country to assist communities in which local response systems are overwhelmed. MDS also includes a partnership with the Department of Veterans' Affairs, Department of Defense, and the Federal Emergency Management Agency.

One area of particular interest has been the development of the National Pharmaceutical Stockpile. CDC has established and manages the National Pharmaceutical Stockpile, which provides us with the ability to rapidly respond to a domestic biological or chemical terrorist event with antibiotics, antidotes, vaccines and medical material to help save lives and prevent the further spread of disease, resulting from a terrorist attack. The administration has included \$644 million to expand that program. The PS program also provides an initial broad-based response within 12 hours with Federal authorization to deploy Push Packs that target specific communities stricken by terrorism.

The first example of deployment was following the World Trade Center. As you may have heard, HHS has recently awarded a \$428 million contract to Acambis Baxter, Incorporated, to produce 155 million doses of smallpox vaccine by the end of 2002. Those doses, added to the current quantity in the National Pharmaceutical Stockpile, would be enough to treat every American in the event of a smallpox bioattack.

An example of FDA funding initiatives includes a \$61 million to enhance the frequency and quality of imported food inspections and to modernize the import data system to enable us to detect tainted food. This funding will also help provide for 410 new FDA inspectors an help ensure that our food is better protected. FDA is also requesting additional resources to assist with these development and licensing of vaccines, therapeutics and blood products to counter bioterrorism.

I would like to mention briefly our research activities, which are headed by our National Institutes of Health that include the development of new treatments for the complications of smallpox vaccination, improvements in developing new vaccines for items such as anthrax and trials to determine the extent that the current smallpox vaccine can be stretched until the new contracts kick in.

In conclusion, the Department of Health and Human Services has been and continues to be committed at every level in ensuring the health and medical care of our citizens. We have made substantial progress to date in enhancing the Nation's capacity to respond to a bioterrorism event, and these preparations ensured a strong response during the recent emergencies.

Mr. Chairman, that concludes my prepared remarks, and I would be pleased to answer any questions that you or the members of the committee may have. Thank you.

Chairman NUSSLE. Thank you very much.

[The prepared statement of Scott Lillibridge follows:]

PREPARED STATEMENT OF SCOTT R. LILLIBRIDGE, M.D., SPECIAL ASSISTANT TO THE
SECRETARY OF HEALTH AND HUMAN SERVICES FOR BIOTERRORISM

Mr. Chairman and Members of the Committee, I am Scott Lillibridge, the Special Assistant to the Secretary for National Security and Emergency Management. Thank you for inviting me here today to discuss the HHS role in preparing our Nation for nuclear, biological and chemical threats, primarily in the area of bioterrorism response. This had already been a major focus of HHS activities, and the horrific events of September 11, and the subsequent events related to anthrax have only sharpened that focus.

HHS is the primary agency responsible for the health and medical response under the Federal Emergency Management Agency's (FEMA's) Federal Response Plan (FRP). This plan provides HHS with a framework to respond with FEMA and 26 other Federal departments and agencies, along with the American Red Cross.

Prior to the September 11 attack on the United States, HHS, through the Centers for Disease Control and Prevention (CDC), had made substantial gains in addressing HHS' role in preparing for response to terrorism. Since September 11, this progress has been dramatically accelerated, and HHS has been in constant communication with its component agencies, as well as other federal, state, and local government components, in order to ensure our preparedness to protect the Nation's health in the event of future attacks. To support this process, President Bush has requested an additional \$1.5 billion to strengthen our ability to respond to bioterrorism.

Within HHS, the component agencies are each moving ahead with programs to further support our efforts. Allow me to describe some of these programs:

STATE AND LOCAL PREPAREDNESS

Over the last 3 years, CDC has awarded grants to 50 states, 1 territory and 4 major metropolitan health departments to support goals of building infrastructure and increasing response capacity.

The funded programs have included the Health Alert Network (HAN), the Laboratory Response Network (LRN), and the Epidemic Information Exchange System (Epi-X).

The Health Alert Network (HAN) is a nationwide, integrated, electronic communications system for public health professionals to share health advisories, distance learning, laboratory findings and other information relevant to disease outbreaks. HAN provides high-speed Internet connections and tailored content to local health officials and other essential personnel.

The Laboratory Response Network (LRN) is a partnership among the Association of Public Health Laboratories (APHL), CDC, the Federal Bureau of Investigations (FBI), State public health laboratories, the Department of Defense (DOD), and the Nation's clinical laboratories. The LRN is designed to ensure that the highest level of containment and expertise in the identification of rare and lethal biological agents is available in an emergency event. The LRN also includes the Rapid Response and Advanced Technology Laboratory at CDC, which has the sole responsibility of providing rapid and accurate triage and subsequent analysis of biological agents suspected of being terrorist weapons.

A final example is the Epidemic Information Exchange System (Epi-X): a secure, Web-based communications network that will strengthen bioterrorism preparedness efforts by facilitating the sharing of preliminary information about disease outbreaks and other health events among officials across jurisdictions and provide experience in the use of a secure communications system.

The Office of Emergency Preparedness (OEP) has also been providing assistance at the State and local level, by developing local Metropolitan Medical Response Systems (MMRS). Through contractual relationships, the MMRS uses existing emergency response systems, emergency management, medical and mental health providers, public health departments, law enforcement, fire departments, EMS and the National Guard, to provide an integrated, unified response to a mass casualty event. As of September 30, 2001, OEP has contracted with 97 municipalities to develop MMRSs. During FY 2002, we intend to invest in 25 additional cities (for a total of

122) for bioterrorism-related planning through the MMRS and to help them improve their medical response capabilities.

OEP also coordinates the National Disaster Medical System (NDMS), a group of more than 7,000 volunteer health and support professionals who can be deployed anywhere in the country to assist communities in which local response systems are overwhelmed or incapacitated. Organized into 44 Disaster Medical Assistance Teams (DMATs), these volunteers would provide on-site medical triage, patient care and transportation to medical facilities. Four National Medical Response Teams (NMRTs), which travel with their own caches of pharmaceuticals, have capabilities to detect illness-causing agents, decontaminate victims, provide medical care and remove victims from the scene. Three of the four NMRTs can be mobilized and deployed anywhere in the Nation; the fourth is permanently stationed in the Washington, DC, area. The NDMS also includes Disaster Mortuary Operations Response Teams that handle the disposition of the remains of victims of major disasters, as well as provide for victim identification and assistance to their families.

The Administration has requested \$300 million in Emergency Response Funds (ERF) for State and local preparedness activities, including \$40 million for communications systems such as the Health Alert Network and Epi-X, \$35 million to improve State and local laboratory capacity and CDC's internal laboratory capacity, \$50 million to upgrade MMRS' capabilities, and \$20 million for the National Disaster Medical System and the Disaster Medical Assistance Teams.

NATIONAL PHARMACEUTICAL STOCKPILE

CDC has also established and manages the National Pharmaceutical Stockpile (NPS), which provides us with the ability to rapidly respond to a domestic biological or chemical terrorist event with antibiotics, antidotes, vaccines and medical materiel to help save lives and prevent further spread of disease resulting from the terrorist threat agent. The NPS Program provides an initial, broad-based response within 12 hours of the Federal authorization to deploy, followed by a prompt and more targeted response as dictated by the specific nature of the biological or chemical agent that is used. The first emergency deployment of the NPS occurred in response to the tragedy at the World Trade Center, and was soon followed up by deployments related to the anthrax attacks.

HHS has recently awarded a \$428 million contract to Acambis, Inc., to produce 155 million doses of smallpox vaccine by the end of 2002. These doses, added to the current quantity in the National Pharmaceutical Stockpile, are enough to treat every American in the event of a smallpox bio-attack.

The additional smallpox vaccine doses will also, we hope, serve the function of acting as a deterrent to those who might launch such an attack against our Nation. We are not only increasing our stockpile for smallpox, however. The current stockpile consists of 8 Push Packs, each containing antibiotics and other essential medical supplies, and each transportable within 12 hours to any area of the country requiring assistance. These Push Packs are complemented by large quantities of additional pharmaceuticals stored at manufacturers' warehouses, a system called Vendor Managed Inventory (VMI).

Between them, the Push Packs and the VMI have enough drugs currently to treat 2 million persons to prevent inhalation anthrax following exposure to the anthrax spores. The Secretary has now directed that this quantity be increased during fiscal year 2002, so that 12 million persons can be treated for anthrax. With those and other additional resources, we will also add four more Push Packs to the current eight already located across the country, making more emergency supplies available and augmenting our existing supplies of 400 tons by another 200 tons. The administration request includes \$644 million to expand the pharmaceutical stockpile.

FOOD SAFETY AND DRUG THERAPIES

Over the last few years, FDA has worked with food safety agencies at federal, State and local levels to strengthen the Nation's food safety system across the entire distribution chain—from the farm to the table. The main results of this cooperation—more effective prevention programs, new surveillance systems, and faster foodborne illness outbreak response capabilities—enable the agency to protect the safety of our food supply against natural and accidental threats.

Part of FDA's ability to protect the food supply is enhanced by its strong partnership with the U.S. Department of Agriculture (USDA) and the surveillance infrastructure that has been built between the two Departments. USDA conducts surveillance of the food supply, and HHS's Centers for Disease Control and Prevention, in partnership with State and local health departments, conducts surveillance for foodborne illnesses. Cooperative efforts between HHS and USDA form the founda-

tion for protecting our Nation's food supply and will ensure the American public can continue to have complete confidence in their food supply now and well into the future.

Coming FDA funding initiatives include a request for \$61 million to enhance the frequency and quality of imported food inspections and modernize the import data system to enable us to detect tainted food. This funding will also provide for 410 new FDA inspectors to help ensure that our food is better protected.

FDA is also requesting additional resources to assist with the development and licensure of vaccines, therapeutics and blood products to counter bioterrorism. In addition, the agency is developing regulations to identify the information needed to evaluate bioterrorism-related therapies when the traditional efficacy studies in humans are not feasible and cannot be ethically conducted under FDA's regulations for adequate and well-controlled studies in humans.

RESEARCH

The NIH bioterrorism research program, spearheaded by the National Institute of Allergy and Infectious Diseases, includes both short- and long-term research targeted at the design, development, evaluation and approval of diagnostics, therapies and vaccines needed to control infections caused by microbes with potential for use as biological weapons. Specifically, this includes the development of:

- New treatments for complications of the smallpox (vaccinia) virus;
- Improved vaccines and treatments for anthrax;
- Trials to determine if the current Dryvax smallpox vaccine can be diluted to "stretch" the current supply until a new vaccine is produced;
- Research into novel drugs, including cidofovir, to treat orthopox infections (including smallpox and vaccinia), as well as other viral infections;
- Improved research infrastructure, including the purchase of essential biosafety level containment equipment to facilitate studies on strains of bacterial pathogens of high virulence;
- Research to completely sequence the genome for *Bacillus anthracis*, the causative agent for anthrax disease, as well as other bacterial pathogens with potential for use as bioterrorism agents; and
- Collaborative research with USAMRIID to create rapid diagnostic assays for diagnosis of orthopox infections, particularly smallpox.

CONCLUSION

In conclusion, the Department of Health and Human Services has been, and continues to be, committed at every level to ensuring the health and medical care of our citizens. We have made substantial progress to date in enhancing the Nation's capability to respond to a bioterrorist event, and these preparations ensured a strong response during recent events.

Mr. Chairman, that concludes my prepared remarks. I would be pleased to answer any questions you or members of the committee may have.

Chairman NUSSLE. Next is the director of the Office of Security Affairs for the Department of Energy, and am I pronouncing your name correctly, Joseph Mahaley?

Mr. MAHALEY. It is Mahaley, Mr. Chairman.

Chairman NUSSLE. Mahaley. Welcome and pleased to receive your testimony.

STATEMENT OF JOSEPH MAHALEY

Mr. MAHALEY. Thank you, sir. Mr. Chairman and members of the committee, I want to thank you for the opportunity to appear before your committee today to speak with you about the Department of Energy and its response to the threat of terrorism since September 11. I am the DOE director of security. I report directly to the Office of the Secretary, and I am responsible for the development of department-wide policies that govern the protection of national security assets entrusted to our charge.

In addition to this policy development responsibility, my office is also charged with the conduct of security operations at DOE facilities in the Washington, DC, metropolitan area. The world, as we

know it, changed on September 11. After the attacks in New York and on the Pentagon, with the threat of still a fourth plane headed in to Washington, DOE immediately went to Security Condition-2, what we call SECON 2, our highest security level absent an imminent threat to a specific DOE facility.

We shut down all shipments involving nuclear materials throughout our nationwide complex. We also put our national nuclear emergency response assets on a heightened level of alert. I want to point out to the committee and to the committee members that General John McBroom, our Director of Emergency Management, is here today and is available to discuss DOE emergency response assets.

While we have since stepped down from our SECON 2, we remain on heightened security status, SECON 3, throughout the complex. For the information of all of the members, SECON 3 is our highest security level that can be maintained indefinitely. The DOE SECON system has served the Department well, and that its purpose is to establish standardized protective measures for a wide range of threats and to help disseminate appropriate, timely and standardized information for the coordination and support of DOE crisis or contingency activities.

In DOE, the highest level of protection is associated with protection of special nuclear material, or what we call SNM. SNM in the Department ranges from complete nuclear weapons to the raw materials used to create the nuclear weapon. DOE refers to the protection program for this material as nuclear safeguards and security. The DOE nuclear safeguards and security program is focused on the protection of the most critical nuclear assets and classified information and is geared toward the prevention of theft or unauthorized use of nuclear weapons and the prevention of acts of radiological sabotage.

The worst-case scenario that we protect is an aggressive terrorist adversary. Our security forces are trained and performance tested against this terrorist scenario. Over 4,000—and I will testify to this, very dedicated security police officers, including approximately 3,500 armed officers, are involved in our protection efforts across our complex. Additionally, of those officers, more than 550 are counterterrorism-trained personnel, deployed at 11 separate locations as part of our special response teams. That is our SWAT team equivalent. DOE also provides training and equipment to enable first responders to deal with a chemical or biological attack.

My office also manages a Safeguards and Security Technology Development effort. Its four-key program elements include nuclear material, control and accounting, physical security, information protection and counterterrorism. The Department is also fully involved and committed as a cochair and funding provided to the Technical Support Working Group, the inneragency counterterrorism research and development team, led by the State Department's Ambassador-at-large for counterterrorism.

In addition to DOE's counterterrorism development projects, a key function of my technology development program is providing a source of access—translate that to security clearances—and leveraging for the counterterrorism community to utilize the resources of our national laboratories.

Events of September 11 dramatically changed our Nation's threat environment, and as a result, has necessitated an examination of DOE's ability to respond to this new environment. We are working in conjunction with the Department of Defense at this time to develop a combined joint threat policy that will serve as a foundation for the protection strategy to be deployed at all Department of Energy and Department of Defense nuclear facilities. And I am talking about domestic facilities, sir.

Prior to September 11, the Department has just completed a review of security policies and procedures. Some very useful recommendations emerged from this review that are currently being implemented. We will be looking more closely than ever at innovative approaches to our protection strategy. This will involve better use of technology, more and better training of our security employees and more emphasis on security education and the awareness among all of our employees.

In our continuing battle against the terrorist threat, we are working with the Congress and other Federal agencies, including the FBI, the Department of Defense, Department of Justice and the Nuclear Regulatory Commission, to enhance our security posture. We continue to work with other agencies as well. For example, we worked with the U.S. Postal Service and the Department of Health and Human Services to help them deal with the challenge of anthrax-tainted mail.

We are also supporting the newly established Office of Homeland Security in its very critical role of coordinating the protection and emergency response assets across the Federal Government.

As the lead agency for coordinating Federal activities within the energy infrastructure, we are working closely with emergency industry representatives from oil, gas and electric power industries, to share information and help them assess their protection posture. We continue to work with State and local officials to address areas of concern that they might have and have provided technical expertise in the form of security assessments and recommendations to several States.

We have learned some valuable lessons since September 11, and particularly with respect to working in partnership with industry. First, cooperation and coordination with industry was excellent, primarily because of the crisis of the moment. We need more non-crisis dialogue with industry. We also need clear and dedicated lines of communication. We have made substantial progress in this area in the past few months.

Second, industry has demonstrated a willingness to share some information. They followed our lead in many respects and used our security conditions, our SECONS, as a guide. In general, however, industry continues to express concern about sharing security-related information with the Federal Government for fear it might be made public through a Freedom of Information Act request.

Third, the oil and gas industry recently established their Information Sharing and Analysis Center, what we call an ISAC. This is a laudable effort, but needs to mature as quickly as possible to provide more timely dissemination and analysis of information for this important energy industry segment.

Fourth, we need to devise a workable way of sharing intelligence threat data with industry; addressing this issue is a DOE priority. Finally, we need standardized industry security levels and criteria, so that when we go to a heightened security level, we will all know what that means. Industry has taken the initiative and is developing standardized security measures much along the lines of our security conditions.

We have been busy and will continue to be so for some time to come. We do not ever expect things to return to the pre-September 11 normal, because normal is changed forever. Within DOE, there is a new paradigm underscored most recently by Secretary Abraham when he told senior DOE leaders that he expects every manager to understand that they should instill a respect for and observe the highest standards of security.

We cannot control or alter the threats to the security interests entrusted to our care. What can be controlled is our ability to plan and respond to threats should they ever materialize. September 11 has fundamentally altered the Department's security perspective and posture. This is a significant challenge, but one that we are prepared to meet.

Mr. Chairman, that concludes my remarks.

Chairman NUSSLE. Thank you.

[The prepared statement of Joseph Mahaley follows:]

PREPARED STATEMENT OF JOSEPH MAHALEY, DIRECTOR, OFFICE OF SECURITY
AFFAIRS FOR THE DEPARTMENT OF ENERGY

Mr. Chairman, thank you for the opportunity to appear before your committee today to speak with you about the Department of Energy and its response to the threat of terrorism since September 11. I am Joseph Mahaley, Director of DOE's Office of Security. I report directly to the Office of the Secretary, and am responsible for the development of department-wide policies governing the protection of national security assets under our charge. In addition to this policy development responsibility, my office is also charged with the conduct of security operations at DOE facilities in the Washington, DC, metropolitan area.

The world as we know it changed on September 11. After the attacks in New York and on the Pentagon, and with the threat of still a fourth plane headed east, DOE immediately went to Security Condition-2 (SECON 2), our highest security level absent an imminent threat to a specified Departmental target. We shut down our shipments involving nuclear materials throughout the complex. General John McBroom is here today and is available to discuss the DOE response assets. While we have since stepped down from SECON 2, we remain on heightened security status, SECON 3, throughout the DOE complex. SECON 3 is our highest security level that can be maintained indefinitely. The DOE SECON system has served the Department well in that its purpose is to establish standardized protective measures for a wide range of threats, and to help disseminate appropriate, timely, and standardized information for the coordination and support of DOE crisis or contingency activities.

The highest level of protection in the DOE is associated with the protection of special nuclear material or SNM. The SNM in the Department ranges from complete nuclear weapons to the raw materials used to create the nuclear weapon. DOE refers to the protection program for this material as Nuclear Safeguards and Security. The DOE Nuclear Safeguards and Security Program is focused on the protection of the most critical nuclear assets and classified information, and is geared toward the prevention of the theft or unauthorized use of nuclear weapons and the prevention of acts of radiological sabotage. The worst case scenario that we protect against is an aggressive terrorist adversary. Our security forces are trained and performance tested against the terrorist scenario. Over 4,000 dedicated security personnel including approximately 3,500 armed officers are involved in our protection efforts. Additionally, more than 550 counterterrorism trained personnel at 11 separate locations are part of our Special Response Teams, our "SWAT" team equivalents. DOE also

provides training and equipment to enable first responders to deal with a chemical or biological attack.

My office also manages a safeguards and security Technology Development effort. Its four key program elements include nuclear material control and accounting, physical security, information protection and counterterrorism. The Department is also fully involved and committed as a co-chair and funding provider to the Technical Support Working Group, the interagency counterterrorism research and development team, led by the State Department's Ambassador-at-Large for Counterterrorism. In addition to DOE's counterterrorism development projects, a key function of our Technology Development Program is providing a source of access and leveraging for the counterterrorism community to the resources of the DOE National Laboratories.

The events of September 11 dramatically changed our Nation's threat environment, and as a result, has necessitated an examination of DOE's ability to respond to this new environment. To this end, we are working in conjunction with the Department of Defense to develop a combined Joint Threat Policy that will serve as the foundation of the protection strategy to be employed at all DOE and DOD nuclear facilities.

Prior to September 11, the Department had just completed a review of security policies and procedures. Some very useful recommendations emerged from this review that are currently being implemented. We will be looking more closely than ever at innovative approaches to our protection strategy. This will involve better use of technology, more and better training of our security employees, and more emphasis on security education and awareness among all employees.

In our continuing battle against the terrorist threat, we are working with Congress, the and other Federal agencies to include the FBI, DoD, Justice, and the NRC to enhance our security posture. We continue to work with other agencies as well. For example, we worked with the U.S. Postal Service and the Department of Health and Human Services to help them deal with the challenge of Anthrax-tainted mail. We are also supporting the newly established Office of Homeland Security in its critical role of coordinating the protection and emergency response assets across the Federal Government.

As the lead agency for coordinating Federal activities within the energy infrastructure, we are working closely with energy industry reps from oil, gas, and electric power industries to share information and help them assess their protection posture. We continue to work with State and local officials to address areas of concern that they might have and have provided technical expertise in the form of security assessments and recommendations to several states.

We have learned some valuable lessons since September 11, particularly with respect to working in partnership with industry.

First, cooperation and coordination with industry was excellent, primarily because of the crisis of the moment. However, we need more non-crisis dialogue. We also need clear and dedicated lines of communication. We have made substantial progress in this area in the past few months.

Second, industry demonstrated willingness to share some information. They followed our lead in many respects and used our SECONs as a guide. In general, however, industry continues to express concern about sharing security-related information with the Federal Government for fear it might be made public through a Freedom of Information request.

Third, the oil and gas industry recently established their Information Sharing and Analysis Center (ISAC). This needs to mature as quickly as possible to provide more timely dissemination and analysis of information for this important energy industry segment.

Fourth, we need to devise a workable way of sharing intelligence/threat data with industry. Addressing this issue is a DOE priority.

Finally, we need standardized industry security levels and criteria so that when we go to a heightened security level, we will all know what that means. Industry has taken the initiative and is developing standardized security measures much along the lines of the DOE SECONs.

We have been busy, and will continue to be so for some time to come. We do not ever expect things to return to pre-September 11 "normal," because "normal" has now changed forever. Within DOE, there is a new paradigm, underscored most recently by Secretary Abraham when he told senior DOE leadership that he expects every manager to understand that they should instill a respect for and observe the highest standards of security.

We cannot control or alter the threats to the security interests entrusted to our care. What can be controlled, however, is our ability to plan and respond to threats, should they ever materialize. September 11 has fundamentally altered the Depart-

ment's security perspective and posture. This is a significant challenge, but one that we are prepared to meet.

Chairman NUSSLE. Next is the principal Deputy Administrator for the Defense Nuclear Nonproliferation from the Department of Energy, Kenneth Baker. Welcome, Director, and we are pleased to receive your testimony.

STATEMENT OF KENNETH BAKER

Mr. BAKER. Mr. Chairman, and members of the committee, thank you for inviting me here today. I would like to make a short statement with your permission and submit a longer one for the record.

Chairman NUSSLE. Without objection.

Mr. BAKER. This is an important opportunity to describe the non-proliferation work that is administered by the Department of Energy's National Nuclear Security Administration, or NNSA. I will discuss programs that reduce threats to our American citizens and are of great importance to this committee. I will also review areas where we are accelerating programs after the aftermath of the September 11 attacks. There is both a supply-and-demand side aspect to the proliferation threat. Over the past decade, both have become worse. There are now any numbers of actors of concern, so-called rogue states, as well as terrorist organizations, seeking to procure weapons of mass destruction capabilities. The international community sees a crisis in the fact that accelerated measures are needed to improve the physical protection of nuclear materials worldwide as well as improve control and accounting of nuclear material and prevent illegal trafficking and handling of nuclear materials. These rogue actors view the crisis as an opportunity.

Enormous strides in securing this material have been made in Russia and elsewhere, but the fact remains that the threat of only a few kilograms of highly enriched uranium and plutonium, deadly ingredients needed to fashion a nuclear device, would be enough for a weapon. The prospect that weapons usable materials could be stolen or sold to terrorists and hostile states and used against American citizens is a clear and real threat that cannot be underestimated.

The Department of Energy's National Nuclear Security Administration is a key element in the U.S. response to today's threats. Within the NNSA, the Office of Defense Nuclear Non-Proliferation, from now on called DNN, is responsible for the nuclear non-proliferation mission. DNN programs help the United States to detect the proliferation of weapons of mass destruction worldwide, prevent the spread of WMD materials, technology and expertise, and reverse the proliferation of nuclear weapons capabilities.

At the heart of the NNSA, efforts to detect proliferation threats worldwide are our technology research and development programs. NNSA develops innovative solutions to detect and deter nuclear proliferation, smuggling, terrorism worldwide and to detect and respond to chemical and biological attacks in the United States. Indeed, our chemical and biological R&D is leading to major improvements in how the United States prepares for and responds to a chemical or biological attack against our civilian population. Just last night we ran a chemical detection test in the Washington

Metro at the Smithsonian Station at 3 o'clock in the morning. Our efforts encompass anthrax strain analysis, establishing biological detection capability at the Salt Lake City Olympics, decontamination and other critical missions.

NNSA is clearly well-poised to continue to make a significant contribution to our national efforts to address today's and tomorrow's threats. We do long-term, needs-driven R&D. Without long-term R&D today, the threat will be much worse tomorrow.

The material protection, control and accounting program, is our primary vehicle for addressing threats to the United States national security posed by possible diversion of unsecured Russian weapons and materials. Through this program, NNSA has helped Russia to improve security at 95 sites; completed rapid security upgrades for thousands of Russian navy warheads, and improved security for 220 metric tons of highly enriched uranium and plutonium in Russia and other independent states, have enabled enough material to make about 20,000 nuclear devices.

DNN is training Russian experts to take responsibility for long-term security at sensitive sites, consolidating Russian materials into fewer buildings at fewer sites and converting tons of materials to forms that are less attractive to terrorists. The United States is working with Russia to improve export control from the enforcement level with Russian customs, to the industrial level with internal compliance training, and at the regulatory and legal level by working with relevant Russian ministries.

The United States is working to reduce the stockpiles of dangerous materials in Russia. Last year, Russia and the United States agreed to dispose of 68 metric tons of surplus weapons-grade plutonium, 34 metric tons in each country. The administration is currently examining alternatives to reduce the cost of this program and make it sustainable. A final decision on this program is expected within 2 months. Under the HEU purchase agreement, the United States has removed more than 141 metric tons of highly enriched uranium from Russia's military programs, enough material for more than 5,500 nuclear devices. 500 metric tons will eventually be downblended and used for civilian reactors in the United States.

The United States is working with Russia to improve its own capability to implement a strongly enforced export control program, as well as the ability to detect and interdict nuclear materials along its borders.

The United States is working with Russia to transform the nuclear infrastructure by developing civilian employment opportunities for displaced nuclear scientists and engineers. This is pursued mainly through DNN's Russian transition assistance program, which encompassed the Initiative for Proliferation Prevention, called IPP, and the Nuclear Cities Initiative called NCI.

IPP helps to commercialize technology for the benefit of U.S. industry and simultaneously provides gainful employment for former Russian weapons scientists and technicians at more than 160 institutes in the former Soviet Union. While IPP is only a \$24.5 million program, U.S. dollars invested in projects during the past year are required to be matched by commercial investment on these projects. This year U.S. companies have already stepped up and

put in \$50 million for successful completion of five commercialization projects; 20 other IPP projects are on the verge of commercialization in mid to late 2002. On the horizon are a robotic system to support humanitarian demining operations, an advanced prosthetic device that will significantly improve the quality of life for land mine survivors and other new amputees. In conjunction with major Russian software company, IPP will help direct up to 500 Russian scientists and engineers toward commercial opportunities in the information technology area.

The Nuclear Cities Initiative removes functions and equipment from Russia's nuclear weapons complex and reduces its physical footprint, while creating sustainable and alternative nonweapons work to support the irreversible, transparent downsizing of the Russian nuclear complex. NCI is putting greater emphasis on commercialization by facilitating the production of a kidney dialysis equipment through a joint venture with a U.S. corporation that will employ up to 1,000 Russian scientists.

At the Avanguard nuclear weapons assembly plant, located in the city of Sarov, Russia, a number of other commercial projects are underway. In the aftermath of the September 11 attack, the NNSA is accelerating many ongoing efforts. A recently signed access memorandum with the Russians has given us access to sensitive sites in Russia. Secretary Abraham and Russian Minister of Atomic Energy Romyantsev agreed just last week to accelerate and expand U.S. Russian efforts to strengthen the protection of nuclear material.

An MPC&A team just this week was granted unprecedented access to a sensitive location in Russia, becoming the first foreign delegation to ever step foot in these buildings. NNSA was able to confirm the presence of highly enriched uranium at this location and is now working on arrangements for follow-on visits. Today we have 12 teams in Russia working to better secure these materials.

We are accelerating cooperation with the Ministry of Atomic Energy on protective force training and equipment and working with the Russian navy to complete security upgrades for approximately 4,000 nuclear weapons. NNSA has purchased over 700 sets of winter protective gear so that guards will be able to continue their duties year round. The United States and Russia began negotiations on a material consolidation and conversion program that will consolidate weapons-grade plutonium in fewer locations. This will strengthen control over the material, make it more secure and reduce its vulnerability to sabotage. NNSA is expanding the second line of defense program, which is working with Russian Customs to help improve security checkpoints, at borders, airports and seaports. We hope to increase, by the end of the year, the number of second line of defense sites from four to at least 12. I will personally be in Russia next week to ensure that this acceleration program is working.

The NNSA is working to speed up the pace of a program that will take back spent fuel from Russian-supplied research reactors in approximately 16 countries. Many are located in sensitive regions. NNSA officials recently met with their Russian counterparts to discuss and implement this program.

Mr. Chairman, there is no way we can underestimate the importance of this work in turning around the proliferation threat. The NNSA is committed to this goal, and we will continue to work tirelessly to achieve it. This work requires our NNSA team to experience significant family separation, often living in substandard buildings, with inadequate heat and hot water and working 14 to 15 hours a day. But given the threat facing us, American citizens deserve nothing less.

Ask yourself one question. What if the September 11 attack involved nuclear devices? Thank God it did not, but we must be prepared for future situations. We cannot assume the next attack will mirror the first. I look forward to taking your questions.

Chairman NUSSLE. Thank you.

[The prepared statement of Kenneth Baker follows:]

PREPARED STATEMENT OF KENNETH BAKER, PRINCIPAL DEPUTY ADMINISTRATOR,
DEFENSE NUCLEAR NONPROLIFERATION, DEPARTMENT OF ENERGY

INTRODUCTION

Mr. Chairman, members of the committee, I thank you for having me here today. This hearing is an important opportunity to describe a number of key nonproliferation programs that are administered by the National Nuclear Security Administration, or NNSA.

This is a timely hearing. More than any time in the past, much greater attention is now paid to the "proliferation threat." It could almost be said that since the Cold War, we've traded one form of threat for another—and today's threat is much less predictable and more difficult to plan against. So I'd like to talk about what the threat is; how the National Nuclear Security Administration is responding to it; and some programs that I know are of interest to this committee. I will also discuss how NNSA is accelerating some of its efforts, in the aftermath of the September 11 attacks.

THE PROLIFERATION THREAT

There are now any number of actors—so called "rogue" states as well as terrorist organizations—seeking to procure weapons of mass destruction capabilities. The international community sees a crisis in the fact that intensified and accelerated measures are needed by all states to improve the physical protection of nuclear materials worldwide, to improve control and accounting over this material, and to prevent illegal trafficking and handling of nuclear and radioactive materials. But these rogue actors view this crisis as an opportunity. A recent report from the International Atomic Energy Agency (IAEA) estimates that in recent years, there have been some 175 cases of possible nuclear trafficking in sensitive nuclear materials.

Enormous strides in securing this material have been made in Russia and elsewhere. But the fact remains that the theft of only a few kilograms of High-Enriched Uranium (HEU) or Plutonium (Pu), the deadly ingredients needed to fashion a nuclear device, would be enough for a weapon. The threat that weapon-usable material could be stolen or sold to terrorists or hostile nation states and used against American citizens is a clear and real threat that cannot be underestimated. Only a few kilograms of High-Enriched Uranium (HEU) or Plutonium (Pu), the deadly ingredients needed to fashion a nuclear device, would be enough to serve as a basis for a weapon.

Almost a year ago, in its January, 2001 report, the bipartisan Baker-Cutler task force warned that "weapons of mass destruction or weapons-usable material in Russia could be stolen and sold to terrorists or hostile nation states, and used against American citizens at home. This threat is a clear and present danger to the international community as well as to American lives and liberty."

The events of September 11 have brought home the magnitude of the proliferation threat, and have led me to conclude that the threat has become a little more clear, a little more present, and very much more dangerous and real.

THE NNSA RESPONSE

The Department of Energy's National Nuclear Security Administration (NNSA) is a key element in the U.S. response to today's threats. Within the United States Gov-

ernment, only the NNSA has the overwhelming corporate expertise in working with and understanding nuclear weapons and nuclear power; and only the NNSA is situated fully to exploit the world-class expertise of the U.S. national laboratories—a key asset in our arsenal.

Within NNSA, the Office of Defense Nuclear Nonproliferation (DNN) is directly responsible for the nuclear nonproliferation mission. Through DNN, NNSA supports U.S. efforts to help the United States to detect the proliferation of weapons of mass destruction worldwide; prevent the spread of WMD material, technology, and expertise; and reverse the proliferation of nuclear weapons capabilities.

TECHNOLOGY RESEARCH AND DEVELOPMENT

At the heart of our efforts to detect weapons of mass destruction proliferation are NNSA research and development programs. Harnessing the technical excellence of the National Laboratories, NNSA develops innovative solutions to detect and deter nuclear proliferation, smuggling, and terrorism worldwide, and to detect and respond to chemical and biological attacks in the United States.

The R&D program responds to the needs of the nonproliferation community, in advance of specific formal requirements. The program pushes the state-of-the-art in technology to detect and analyze proliferation activities. End-users rely on us to conduct the long-term R&D to provide innovative solutions for future systems to address their missions, while their resources focus on short-term requirements.

Our Chemical and Biological National Security R&D will lead to major improvements in how the U.S. prepares for and responds to chemical and biological attacks against civilian populations. Key elements of the cutting-edge technology being brought to bear against the bio-terrorism threat is the product of NNSA's Nonproliferation and Verification R&D Program:

- NNSA's prototype Biological Aerosol Sentry and Information System (BASIS) will be deployed to demonstrate biological detection capability at the Salt Lake City Olympics.
- Many techniques that NNSA has helped to fund and develop are currently being applied in anthrax strain analysis.
- Decontamination foam developed by the R&D program at Sandia National Laboratories has been transitioned to commercial vendors.
- A chemical detection system developed by the Sandia and Argonne National Laboratories was part of a recent Washington Metro emergency response exercise.

NNSA is clearly well poised to continue to make significant contributions to our national efforts to address today's—and tomorrow's—threats.

NON-PROLIFERATION PROGRAMS IN THE FORMER SOVIET UNION

The Material Protection, Control, and Accounting (MPC&A) program is our primary vehicle for addressing threats to United States national security posed by the possible diversion of undersecured Russian weapons and materials. In consolidating, securing, and reducing stocks of weapons-grade fissile material, MPC&A is a critical element in this Nation's "first line of defense" against nuclear smuggling and terrorism.

In a moment I'll discuss steps we're taking to accelerate MPC&A programs. But I'd first like to note that this program continues to enjoy notable success:

- Since 1993, the U.S. has helped Russia to improve security at 95 nuclear sites.
- NNSA has completed rapid security upgrades for thousands of Russian Navy warheads and improved the security for 220 metric tons (MT) of Highly Enriched Uranium (HEU) and plutonium in Russia and other newly independent states—enough material for roughly 20,000 nuclear devices.
- NNSA is training Russian experts to take responsibility for long-term security at sensitive sites, consolidating Russian materials into fewer buildings at fewer sites, and converting tons of materials to forms less attractive to terrorists. We're also finding ways to work with Russia to help it dispose of its own surplus materials.
- MPC&A programs are but one element of our response. The United States is also working with Russia to improve its export control system, from the enforcement level with Customs, to the industry level with internal compliance training, and at the regulatory and legal level of the ministries involved.
- The United States seeks not only to secure, but to reduce the stockpiles of dangerous materials throughout Russia. Last year, Russia and the United States agreed to dispose of 68 MT of surplus weapon-grade plutonium—34 MT in each country. The administration is currently examining alternatives to reduce the cost of this program and make it more sustainable. A final decision is expected within 2 months. Under the HEU purchase agreement, the United States has removed more

than 141 metric tons of HEU from Russia's military programs—enough material for more than 5,000 nuclear devices. Under this program, 500 MT will eventually be downblended and used for civilian reactors in the United States.

- The United States is also working with Russia to improve its national capabilities to implement and enforce export controls, as well as its ability to detect and interdict nuclear materials at border checkpoints and borders. Some borders are thousands of miles long and present difficult challenges. Efforts in both areas need to be shored up as quickly as possible.

ENHANCING IRREVERSIBILITY OF NUCLEAR DOWNSIZING

The United States is working with Russia to ensure the irreversibility of steps taken to downsize Russia's nuclear weapons complex. We are helping Russia transform its closed nuclear cities by developing civilian employment opportunities for displaced workers. These objectives are pursued principally through our Russian Transition Assistance efforts, which encompass the Initiatives for Proliferation Prevention (IPP) program and the Nuclear Cities Initiative (NCI).

IPP helps to commercialize technology for the benefit of U.S. industry and simultaneously provides gainful employment for former Russian weapons scientists and technicians at more than one hundred and sixty institutes in the Former Soviet Union.

While IPP had only \$24.5 million in U.S. dollars to invest in projects during the past fiscal year, it required its commercial partners at least to match its investment in each project. This helped IPP and its Russian partners to identify technologies offering the greatest commercial promise by requiring U.S. industry to commit to the project's technological development from the outset. This year, equity sources have already stepped forward to commit more than \$50 million for the successful commercialization of five projects for the next fiscal year. Twenty other IPP projects are on the verge of commercialization for mid/late 2002.

Through IPP, we've successfully commercialized several energy related technologies, including a radar intended to enhance coal and oil recovery. This could result in revenues exceeding \$2 billion during the next 10 years.

A wheelchair seat cushion that can prevent pressure ulcers responsible for causing tens of thousands of deaths in the U.S. every year has just received FDA approval. When commercialized, this project could save Medicare more than \$3 billion in annual treatment costs for pressure ulcers.

IPP is developing a robotic system to support humanitarian demining operations; an advanced prosthetic device that will significantly improve the quality of life for land mine survivors and other new amputees; and in conjunction with a major Russian software development company, will help redirect up to 500 Russian scientists and engineers toward commercial opportunities in the information technology sector.

These are but a few examples; there are many others. We're proud of IPP's success, and we look forward to future commercialization of its myriad ongoing projects.

I also want to touch on the Nuclear Cities Initiative (NCI). NCI's mission is to reduce the physical footprint of Russia's nuclear weapons complex, in part through the creation of sustainable, alternative non-weapons work that will help to achieve that objective and emphasize commercialization.

NCI's first major commercial effort facilitates the production of kidney dialysis equipment by a joint venture established between Fresenius Medical Care of Lexington, Massachusetts, and the Avangard nuclear weapons assembly plant, located in the closed city of Sarov, Russia. At Avangard, six buildings have been converted to form an open industrial park. Last year, the fence at Avangard was moved to carve out this commercial floor space, and thereby reduce the weapons portion of the complex. A number of other commercial projects are in process to make use of this industrial park, which is expected to expand to include even more production space in 2002.

A little over a year ago, virtually no Westerners had ever been allowed to set foot in Avangard. Now they are part of a joint venture that will use resources, buildings and personnel that previously produced nuclear weapons to manufacture life-saving medical devices. This is truly beating swords into plowshares—almost in a literal sense. We hope to carry out a similar effort at an excess Russian nuclear weapons production facility in Zarechnyy, formerly known as Penza-19.

MULTILATERAL APPROACHES

Complementing our bilateral cooperation with Russia and other former Soviet states is NNSA's support of the International Atomic Energy Agency. Speaking to the IAEA's Board of Governors last week, Secretary Abraham observed that, "The

work the Agency does to deny nuclear material and radioactive sources to terrorists and state sponsors of terrorism is an integral part of our effort to stem the proliferation of weapons of mass destruction." NNSA is working with other U.S. agencies to increase our support of the IAEA's programs in physical protection, illicit trafficking, and radiation source management. NNSA expertise and technology helps the IAEA strengthen its safeguards system, giving the Agency an enhanced capability not only to detect the diversion of nuclear material from declared programs, but also to detect clandestine, undeclared nuclear programs.

Last week Secretary Abraham pledged \$1.2 million to match a contribution from the Nuclear Threat Initiative, with the aim of enhancing the IAEA's role in the fight against nuclear terrorism.

LOOKING AHEAD

While NNSA considers new avenues, it is also accelerating ongoing efforts.

Taking advantage of a recently signed Access Memorandum, MPC&A is working with Russian officials to identify and make more secure additional locations in Russia where nuclear materials are located. New contracts are being signed for security upgrades at Tomsk and Mayak, two critical Russian sites. We are accelerating our cooperation with MinAtom on Protective Force training and equipment for these and other sensitive facilities, and working with the Russian Navy to complete security upgrades for approximately 4,000 nuclear weapons. An NNSA team has purchased over 700 sets of winter protective gear, so that the guards will be able to continue their duties during the winter.

The United States and Russia are beginning negotiations on a Material Consolidation and Conversion agreement that would consolidate sites where weapons-grade material is located. NNSA is also expanding its Second Line of Defense program to increase by the end of this fiscal year the number of such sites operating on the Russian border from four to at least twelve.

NNSA is committed to improving safety at Russian reactors that now operate at levels below minimum acceptable international standards for reactor safety. And it is vital to improve the physical security of nuclear power plants throughout the former Soviet Union. NNSA is also looking to speed up the pace of a program that would "take back" spent fuel from Russian-supplied research reactors in approximately 16 countries, many of which are located in sensitive regions. NNSA officials recently met with their Russian counterparts to discuss implementing this program.

CONCLUSION

Mr. Chairman, thank you for the opportunity to appear today. I look forward to taking any questions you may have.

Chairman NUSSLE. Let me alert members, there are three votes on the floor. It is my intention to ask questions and then turn to Mr. Spratt and then we will recess until after the three votes. So if members can proceed as they would like.

First I would like to turn to you, Administrator Baker. The government has several large nonproliferation programs in our budget. One is the Cooperative Threat Reduction, Nunn-Lugar. It is controlled, obviously, by the Department of Defense, spends about \$400 million annually. We have got a DOE nonproliferation program, which spends roughly the same. In addition, there are a number of other smaller programs at Commerce and State. This is not to suggest in my question that any of them are less important than the next, but as a general question to begin, shouldn't all of these programs be consolidated and be given an improved oversight mechanism through the administration or through Congress? I would ask your advice on that subject as we proceed.

Mr. BAKER. Working in this program 9 years, sir, and before that writing the "Go To War Black Book" for the President, which I did for years, the threat is much worse today than it was during the cold war. There is no doubt in my mind about this. We have a program—many programs that make sure that we don't have redundant work being done. We have a structure called the Counterpro-

liferation Program Review Committee—which is headed at the Under Secretary level at Defense, Energy and Intelligence the CPRC transmits a report once a year to the Senate Armed Services Committee—which shows what each program is doing and that there is no redundancy. This report is signed off by the Secretary of Defense and the Secretary of Energy, and show that there is no redundancy going on.

Number two, we have a policy coordinating committee in the White House, headed by a senior person that reports right to Dr. Rice that also ensures that we don't have redundancy in these programs. In this group, this PCC group is made up of Defense, Energy, Intelligence, State and the Joint Chiefs of Staff. I do not think in 9 years in this business, though, that there is much redundancy in these programs.

The lead of this program or the coordinator in this program needs to sit in in the National Security Council, needs to report to Dr. Rice—which the person does right now, and it works very effectively. There is one small program that may have a little redundancy, and that is a program the State Department has called ISTC, and the program that Energy has called IPP. These programs both work to reduce the number of nuclear scientists working on weapons work. The ISTC program puts nuclear scientists to work part-time, temporarily. The IPP program puts them to work permanently.

There is a little redundancy in these programs, but I think the programs are working well between the agencies. There is coordination in the agencies. There is not redundancy, and the money is being well spent.

Chairman NUSSLE. The General Accounting Office disagrees with some of your judgments on that, and it is not to suggest that anyone has the market on this, but this is an issue that obviously is going to continue to be heightened, and so as a result, I would ask that you work with our General Accounting Office to see if we can't improve some of that coordination and application of resources.

Mr. BAKER. Yes, sir.

Chairman NUSSLE. Just as a follow-up, one of the things that we have heard reported upon is that it has really been the slowness of the Russian government to grant access to facilities and to enter into agreements. In other words, it has really not been the funding of these programs, services, it has been the ability to garner a trust between the United States and Russia since the end of the cold war. Do you believe that the new relationship and agreement—personal agreements that have been reached between the President and Mr. Putin will improve that to a degree? And do you believe that that will assist us in successful implementation of some of these programs?

Mr. BAKER. Mr. Chairman, I have never seen in all my times working with the Russians the relationship any better than it is right now. We have an access agreement now with the Russians. The work was slowing down a couple years ago. It was because we didn't have an access agreement. We have an access agreement, and we are getting in to about every sensitive site that we have in Russia, that we know about. The relationship that the Secretary

of Energy has with Minister Rumyantsev is outstanding. He was with him last week.

They agreed, as I said in my testimony, to open up all the doors, to stop any bureaucracy, to get this work done for the common good of the world. The relationship that the President has with President Putin I think is absolutely outstanding, so I can say that I don't think the relationship has ever been better, and I think now we can get things done quicker and better, and the only thing that could slow us down at all is resources.

Chairman NUSSLE. Thank you. I have other questions, but I will stay within my time.

Mr. Spratt.

Mr. SPRATT. Mr. Baker, let me pick up on where you were and look at the budget for defense nuclear nonproliferation programs, which fall in the domain of DOE, comparing last year with this year, 2001 with 2002. In 2001, if you add up R&D for nonproliferation arms control measures like Nuclear Cities; IPP Initiatives to Prevent Proliferation; MPC&A Material Production Control and Accounting; Fissile material Disposition; the Highly Enriched Uranium Purchase Agreement; and the International Reactor Safety Study Agreement. If you add all of those up, in 2001, we spent \$874 million, all told. The request for this year, 2002, was fully \$100 million less than that. What happened? Has the problem become less compelling that we would cut it by \$100 million?

Mr. BAKER. Well, sir, we think our work is very important. I cannot judge why it was reduced; some of these programs are like a thermometer, you can turn them up or turn them down; you can work faster or slower. Regardless, we are still getting the work done. With this budget we will get our work done. Some of it will not be as fast as maybe we could do if we had more money, but the work is getting done, and we are reducing the threat to this country.

Mr. SPRATT. Let me rest at that, because we have got to run. I am told we have about 3 minutes to cast a vote. We will be back as quickly as possible to pick up on that.

Chairman NUSSLE. We will pick up where we left off. The committee will stand in recess and we ask the indulgences of our witnesses as we run and catch three votes here on the floor.

[Recess.]

Chairman NUSSLE. I know Mr. Spratt is on the way, and we will recognize him when he comes back, but in the meantime we will turn to Mr. Thornberry for any questions you may have.

Mr. THORBERRY. Thank you, Mr. Chairman.

I appreciate each of the witnesses being here today. It seems to me that each of you is responsible for an area of the government that raises some particular issues that, Mr. Chairman, I think we are all going to face in next year's budget. One of those issues is how much money can you use effectively.

We hear in some of the debates going on now that there is plenty of money in the pipeline, don't give us any more, we can't use it. We have heard debates in the past, particularly with the nonproliferation programs, about money being wasted and so forth. So one issue is how much money can be used effectively.

The other one is what is the proper balance of risk and benefit? It seems to me in this war, there is no limit to the number of ways we can be attacked. We could spend the whole budget many times over preparing, protecting against one thing and another, but what really makes sense? I think those are two challenges that each of us are going to have to look at as we think about the budget over the next year, but you all have to do so now.

I have a couple of specific questions that I would like to address on those topics, but if you all have thoughts on the general area, I would like to hear that as well.

Doctor, I would like to ask you specifically on this idea of risk benefit, how do you decide what drug to stockpile, for example? One of the specific questions I have is the drug potassium iodide. There is a lot of discussion these days about a radiological weapon, apparently if you take this potassium iodide, you can protect yourself against thyroid cancer, which was responsible for thousands of deaths at Chernobyl. Are we stockpiling this drug? Does it make sense to do so? Then I would like for you to express to us a little bit how you decide what drug makes sense to stockpile, what not.

My second question for you, Mr. Baker, as the Chairman started this about whether you are limited by access to the Russians or whether you are limited by money. I would like for you to take another little part of that. Some of the criticism we have heard in the past is that the Russians siphon off some of the money for taxes, and some of it goes to the Mafia, and various other things. I have always been a supporter of the nonproliferation programs because I believe even with a lot of waste you are getting an enormous amount of good. I think it is appropriate for you to update us as to the efficiency and effectiveness of the money we are spending now and how that will proceed.

So, Doctor, if you would start with the drug issue, and then Mr. Baker.

Dr. LILLIBRIDGE. Yes, sir. Let me begin by addressing the issue how do we decide what to build and ultimately what drugs to stockpile. Our initial impression as we began to build the antibioterrorism program was that, as you said, the range of potential options were enormous. It looked to us that our thrust would be building a broad public health infrastructure honed for emergency preparedness around key issues of the tools to respond to bioterrorism. Those would be the things like surveillance, laboratory, communications, trainings, things that health departments need to operate and respond to these kinds of epidemics.

The issue of how do you choose specifically then from that, what goes into a stockpile as you begin to build a national stockpile, and we have all seen the rhetoric and information in the newspapers about different things at different times that come on the horizon. We began to look at this as a matrix of risk-benefit, and as we did that, we looked at the things that were a combination of things known to be weaponized, things that were truly dangerous if released into the population that had potential for mass killing, things that had had some research and development in one of the bio-offensive programs, and that diseases for which—could easily be packaged had shock value.

Looking at that matrix and cross-referencing it with law enforcement and our Intelligence Community, we came up with a critical agents list that we have used for 3 years with the response community, and this is specific to bioterrorism activities. That list includes things on most people's list, whether you read the intelligence or the New York Times or in preparedness circles, things like anthrax, smallpox, botulinum toxin, plague, et cetera. We also conducted—that was our A list—a second tier list, which things didn't have all those features of risk as the first tier, but had had some investment where some specific preparedness effort, whether it was education or an antidote, needed to be stockpiled; and the third was the capacity to respond to things for which we were unclear, emerging infectious diseases, unknown threats and that sort of thing.

What this did for us, it gave us a chance to organize a stockpile around those kinds of threats on the bio circle. With the chemical and the radiation components, these were less directed than the emphasis on getting the biocomponents operational early. We do maintain some chemical antidotes, a small portion of our stockpile, toward nerve agents and things that might help with mustard and other general chemical exposures, and at this time the Department is debating and, in fact, tomorrow we will be discussing the issue of potassium iodide radiation burn packs and expanding the stockpile to include medical treatment issues for a wider range of activities, but that is how we basically crafted the biological activities. That has been a printed, open list.

What the A list had done for us—with the highest order of threats—is given us experience to build infrastructure and response capacity to toxins, bacterial agents, and viral agents if you prepare for those while knocking off the things that were at greatest risk for the population.

Last, I would like to answer that by saying we can't predict which of those things are most likely in any given day in the absence of intelligence communications coming in from the Intelligence Community, and we are networked with that group on a daily basis. Thank you.

Mr. BAKER. Congressman Thornberry, the question of how effective are these programs and is money being siphoned off, I want to applaud the White House, what they did initially when they came in to look at all our nonproliferation programs. It was a step that needed to be done. I think that now these programs are more effective because of what the White House did in this.

One of the things they looked at is ineffectiveness of these programs, is money being siphoned off? We had the Intelligence Community look at this, and I can't say that every penny went for nonproliferation work. I can say that the majority of it did, and in some programs almost all of it. A program like materials protection control and accounting we have, are task-order-type contract. We have people go in to look at these facilities, give an estimate of what it is going to cost. We have the Russian contractor do the work. Then we go back and look. If we do not have assurances for this committee or any other committee, we stop work. We have access, but if we don't have access, we don't put a contract, and every contract we write now has access in that contract. So we are pretty

sure that—we know the work is being done, and if we don't have access, the contract will not be let.

Again, I think, like I said in my testimony, I have never seen the relationship with Russia better than it is now. I give thanks to the President who has started this relationship with President Putin, and I have seen my Secretary act in person. I was not with him last week, Ambassador Brooks was, but I was recently with the Secretary in Vienna. I saw the relationship he has with Minister Ramyantsev. It is an excellent relationship. Minister Ramyantsev is not like Minister Adamov, not like Minister Mikhailov; he is a different individual that wants to work, wants to clear all the bureaucracies, wants to get this done.

There is, as I said in my testimony, a clear and present danger, and we are not throwing money at something that is not being done, in my opinion, sir.

Chairman NUSSLE. Mr. Spratt.

Mr. SPRATT. Thank you very much. If we could go back to where we left off, and that is with the requests this year and the amount provided last year and the amount appropriated. Just looking at some of these different accounts, for example, Nuclear Cities went from \$26 million to \$6 million. Was there a particular reason for that? Was there a lack of faith in it or a backlog of money or what?

Mr. BAKER. I think on that, Congressman Spratt, there was some lack of faith in the NCI program. I think if any program has not shown what it can do yet, it is probably the NCI program. We know 2 years ago that we got a bad report on the IPP program from the GAO. That program was turned around, and it is one of the best programs that we have got in nonproliferation now. It is almost paying for itself, and companies want in on this than we have money for in this area.

So I can say I think part of it was, yes, sir, it takes a long time to build these programs, and we have not done as well as I wished in that area.

Mr. SPRATT. Given your knowledge of these programs, the Initiative to Prevent Proliferation and the Nuclear Cities Initiative, do you think if you get your budget level restored you can spend it effectively?

Mr. BAKER. I think, sir, we can spend it effectively, yes, sir. I do think now we have got a better handle than we have ever had on these programs. We can always use more money, but I will carry out these programs to the best of my ability, and so will Ambassador Brooks, with the money that is given to us on nonproliferation. It is that critical.

Mr. SPRATT. Another account is the R&D account, which was \$244 million in '01 and reduced to \$206 million in the request. Fortunately the appropriators restored the amount. A number of small things that don't have high visibility such as sensors that are piggybacked on satellites and used to detect nuclear explosions that are above ground or that leak out of the ground, critical to our basic surveillance of the threat worldwide, it was actually threatened if we cut it back from 206 to 244 million; was it not?

Mr. BAKER. Well, sir, budgets have priorities. As I said in my testimony, the R&D program is critical to this country. We are doing a needs-based program based on things that need to be done. If

that work is not done, we will be blinded in the future to these type threats, and the program is critical. The work we are doing right now in the chemical-biological area, as I explained in my testimony, has been critical.

So, again, can one use more money? The answer is yes, but we will carry out our mission with the budget that was given to us, and we will do it effectively.

Mr. SPRATT. Is this a marketing problem? A couple of years ago, Representative Ellen Tauscher's initiative, we had a science fair in the Cannon Caucus room full of the things that DOE has done mainly through the labs over the years, out of this account mainly, some other smaller accounts, but this is one of the prime sources for it, and there are all kinds of things being done there. You don't really notice them, but they are critically needed. Detectors, for example. If you get a strange container, if you think it is radioactive, you want to find out what kind of radioactive materials might be there, what kind of weapon might be in it without taking the container apart. The labs have been working on that for years anticipating the kind of problems we could be faced with, I hope not, but we could be, and yet marking that is difficult to do.

Let me give you one personal example. You mentioned in your testimony, I believe, or Mr. Mahaley did, about the chemical detectors that were tried out in Washington Metro. I would love to go see the results of that. I happen to be the host in my congressional district of a hazardous waste landfill, the second largest east of the Mississippi, and it has two hazardous waste incinerators, and I was concerned about the manner in which the emissions from that incinerator were monitored. They were hardly monitored at all. And someone else got involved, and he called of all people—Charlie Townes, a renowned South Carolinian who won the Nobel Prize for discovering the laser—and Charlie Townes put us on the path of something, work being done at Argonne Labs, a detector that would be able to sample the emissions from the smokestack of a chemical hazardous waste incinerator and give you a realtime qualitative analysis. It turns out Argonne was doing, I think, organic compounds, and Sandia was doing inorganic compounds. They were both developing it, both excited about it, because they said software just in the algorithms for this kind of quantitative analysis just exploded and had all kinds of implications.

I called EPA to see if they could possibly get that in their budget, called them in Raleigh where they have their research center, and I was told that the annual budget for things like that was \$500,000 a year, and it was more than fully subscribed. They just flat couldn't even think about it.

I went over to the Energy and Water Appropriations Committee for about 4 or 5 straight years, and each year I'd get \$500,000 to a million dollars for Sandia and Argonne to develop that technology. Part of it was just marketing the idea and talking to the subcommittee chairmen and ranking members and members of the committee to convince them it was a good idea. I know it is arduous work, but I think, first of all, you have got a problem probably—you don't have to answer this question—down the street at OMB, and then you have probably got a problem back here in Congress.

I think nonproliferation is a much harder sell than it ought to be in the Congress of the United States, and I have got a feeling the same is true down at OMB. They see all these things, and DOD doesn't have a great enchantment with these things because they don't put ships at sea, they don't put forces in the field. This is not their traditional notion of what defense is, but it is effective when it comes to defending us against the real threats we are faced with. I think part of it is selling the idea, making people understand what is needed and why you have a capability to provide that.

Mr. BAKER. Congressman, number one, I want to thank you for the support you have given us on nonproliferation. You and Congressman Thornberry have really been supporters of this program with other people, and I want to thank you for what you have done.

On the R&D program I think part of it is marketing, because a lot of it is SCI, special category-type briefings. Which given to some of the staffers up here. Some of them have elected not to come yet, and when we gave the briefing of what we are really doing in some of these areas, their eyes opened up wide and said, oh, my God, I didn't know you were doing it.

Mr. SPRATT. Nuclear Cities I happened to see Dr. Hacker a couple of years ago, and it was just a chance meeting, but we were together for a couple of days at a conference in Berlin, and he told me some of the things that don't get quantified, monetized, or they are unexpected, resulting from this particular program.

We have learned all kinds of things about what their capabilities and capacities are. We have gotten to know their best scientists, and it has been a godsend to us, and given the budget, \$2 trillion, surely we can afford \$25 million for something like that. I know the cow gets skimmed. We have got opponents of this program here in the Congress who claim that the labs are the worst of all when it comes to skimming it. They were taking 40 percent off the top before anything went to Russia. But to have it properly administered, we have to do that.

Let me ask you this and ask the whole panel this. If you have money, where could you put it to do the most good? If you have more money than the budget currently provides, what kind of programs or what kind of existing accounts would you choose to plus it up as the highest priority to give us the best return? I will start with you, Mr. Baker.

Mr. BAKER. Well, the first thing I would do is I would accelerate the MPC&A program. I would put more money, put more teams and more resources into Russia. That would mean some program direction money. I have got to have people to put in there besides resources. The programs are effective. I would speed up the materials consolidation program in Russia. That is putting the material in less sites so that we can guard them better.

I have got programs in the Initiative for Proliferation Prevention that have not been funded, \$20 million worth. I would put the money there so that companies can go to work putting more scientists to work.

I would put some more money into the R&D program, into the detection area, both chemical and biological. I explained what we are doing in the chemical and biological area, in the R&D program, the Protect System which we demonstrated last night, the work we

are doing for the Winter Olympics in Salt Lake City, and on what we are doing in the abstract.

We are also doing things on forensics analysis, where these things come from. I would put more money there. This is a one-of-a-kind R&D program. There is none like this in government where we can go with needs-based long-term R&D, and that is what has to be done.

So that is where I would put the money if I had more money.

Mr. SPRATT. Let me ask you and Mr. Mahaley both, is any serious consideration being given to accelerating at some cost the acquisition of Russian HEU or the acquisition for the MOX fuel conversion of excess plutonium stocks? Those are big bucks if you are really going to do that right.

Mr. BAKER. In the White House study all the programs were looked at. The one program that right now is still being reviewed, and we will have an answer by 1 January, in a month, because the White House wants a decision before the next budget cycle, and that is plutonium disposition, whether we go with MOX or something else. We have a briefing put together. My people briefed General Gordon and Under Secretary Card just last night. We are over at the State Department briefing them today. We are going to have an interagency meeting toward the end of the week. The Secretary will have to buy our recommendation, and then we will go to the interagency and to the White House for a decision on MOX. Again, the decision will come down within 2 months on how we are going to go with this plutonium disposition system.

Mr. SPRATT. Mr. Mahaley.

Mr. MAHALEY. Mr. Spratt, I get together with the other security directors of Federal agencies, and we have been doing that with a lot more frequency lately. I would say that every one of them would agree with me that on September 11, we would do everything we were planning to do in the next 2 years in about the next 2 weeks.

If we had extra money, I would accelerate programs we have on the books, but in a bigger picture, I was, in my testimony, talking about the design basis threat. That is a requirements driver that we use to size our force to defend the DOE sites throughout this country. I can't go into the specifics in an open hearing, but I can tell you one thing. What happened on September 11 wasn't in my design basis threat, and I am not unique. So our design basis threat is going to change, and it is a requirements driver, and that is going to require resources.

The people who did what they did on September 11 went out to Reagan National Airport and, instead of seeing transportation, saw missiles, and they thought way out of the box, way beyond what security professionals have been thinking about. We got a hard lesson on September 11. We are working right now with the Department of Defense to change that threat picture, so that is going to require some additional resources. As far as—

Mr. SPRATT. Could I interrupt to ask a question because it is consistent with what you are talking about. Mr. Obey, the ranking Democrat on the Appropriations Committee, following September 11 had lots of agencies over, from NSA to DOE, and in closed session said, tell me what your real vulnerabilities are, particularly in the areas of facilities, something you might be worried about where

something catastrophic like a plane crash would wreak havoc. I won't begin to go into all of that in open session, but he has been pushing to get \$7 billion in homeland security appropriations just to deal with these, and if you ask him, he will sit you down, close the door and show you photograph after photograph of major facilities at the end of major metropolitan runways or in the proximity to them that will be vulnerable to another catastrophic aircraft collision. We are dealing with nuclear material, everything from nuclear materials to highly secret, sensitive data that is not backed up, it is on the site, all kinds of risks like that.

Have you done a facilities inventory to see what facilities might have that kind of vulnerability that wasn't considered because you weren't thinking out of the box, so to speak, in the past?

Mr. MAHALEY. Yes, sir, we have. We have completed what I would call a short, quick look under leadership of General John Gordon, the Administrator of the NSA, and we have undertaken longer studies based on that.

The vulnerabilities are there and are going to be addressed, but I will just say to you, sir, and the other members of the committee that I don't expect these folks to repeat. I think they are going to surprise us again, and what I want my folks to work on, in this threat area, is to think outside the box, think outside of our pattern that we have developed over the last few years, and I think I would be echoed by all the other security directors in the other government departments.

For Energy specifically, I would prioritize additional funding in this way: First cybersecurity. The reason why is that is where we are most vulnerable. I get security incidents reported to me daily throughout the complex. I will tell you that most of the time it involves information, and most of the time it is connected with cybersystems. We could use additional resources there because if somebody is coming against one of our facilities or any facility, a key element is going to be planning, and planning is all predicated on information you can get about that facility.

We have taken steps. Deputy Secretary Blake ordered last month a review of all Energy sites, and we pulled down information that we might have had out there that might have some operational usefulness to some people who don't wish us well. We had to do that, and we are continuing to do that, but in general I think that is one of the big problem areas that I have got, and every agency in government and, in, fact up here in this institution I am sure you have the same problem. Those systems are vulnerable.

The next one is nuclear material consolidation. I know this is a very touchy issue, and it is surrounded by a lot of politics and a lot of NIMBY type of feelings in terms of not wanting material next to your house, but from a security professional standpoint, if you consolidate the material, you can protect it much more efficiently. It reduces risk.

The last one is personnel. I am very, very privileged to lead a Federal staff of over 200 people. A couple of years ago my folks in the human resources came and talked to me and said, "Joe, in 5 years 75 percent of your people are going to be retired." There really wasn't a program following up on that to build a staff. So we set up a career development program, professional program, and we

are trying to fund it out of hide. We are getting support from John Gordon, the NNSA, because they see the problem, too.

I think that is the area I would emphasize to try to build a follow-on professional core of security specialists. This is tough work, especially in the nuclear area. There is just not physical security and alarm systems, you are talking about nuclear material, control, and accounting. That is sophisticated work, and you have got to build a core staff to be able to answer those questions correctly. That is where I would put my priorities, sir.

Mr. SPRATT. Dr. Lillibridge, one of the crown jewels in your domain is the CDC, but I have seen photographs of the facilities at the CDC outside and inside which are in shockingly poor state, and I understand that the request for CDC this year was increased substantially up to \$2.1 billion over the request. The administration's request was \$600 million. Congress raised it to \$2.1 billion, and Dr. Koplan came up recently and said we need at least \$3 billion in additional funds to prepare for a biological assault. Is this where you would put your money if you had more?

Dr. LILLIBRIDGE. I think it is two-pronged for us, Congressman Spratt. We think that having dealt with the bioterrorism issue for the past 3 or 4 years, and looking at the kinds of things we need to respond to and the breadth of our response and the fact that we have to respond through not a standing army, but through the State and local health departments, that our primary thrust would be twofold. One is to develop that critical public health infrastructure at the State and local level, and, second, hone those critical capacities of institutions like CDC, NIH and FDA to be there to provide consultation, response, and detect and control the epidemic, those sorts of things, and I believe a two-tiered approach would be best.

We are certainly grateful for the interest in the CDC structure. It is an area that we have looked at and have brought to the attention of different folks, particularly the delegations here in the House and Senate, over the past years, and we are really grateful to have some attention on those issues.

Mr. SPRATT. Lee Hamilton and Newt Gingrich were here a couple of weeks ago and testified based upon the findings of their commission, and one of their recommendations which seemed to me to have sense was what we don't want to have. No question, the public health infrastructure is woefully inadequate. We need to strengthen it across the board, but they were suggesting, for a lot of these highly specialized emergency responses, that what you want is a regional capability, not a community-by-community, State-by-State capability; otherwise you will have a lot of duplication, a lot of stuff sitting in the parking lot waiting for things that don't actually happen.

Dr. LILLIBRIDGE. I believe the talk about the Department in terms of our preparedness and planning efforts is beginning to center on regional planning and response. This is particularly important for the biologic or epidemic response that we talk about. That will unfold over a region of the United States statewide or perhaps nationwide, and that is going to be key to our planning and activities in the future, and we would certainly agree with that kind of thinking.

Mr. SPRATT. Thank you all for your testimony. There are plenty more questions I could ask, and maybe I will ask them in a one-on-one session at some time, but there are others here that would like to ask questions as well. Thank you for coming.

Chairman NUSSLE. Mrs. McCarthy.

Mrs. MCCARTHY. Thank you, and thank you for the testimony. I am actually finding it fascinating. I come from New York, so obviously there are a number of issues that we in New York are extremely concerned about, our subways, future attacks. Many feel strongly that we are probably going to have another attack in New York because it is a symbol. We don't know.

Going back with talking about local response and working regionally, one of the things we did find, and hopefully are going to bring it up, after the initial attack the FEMA people were trying to get to New York, but because we had stopped all flights across the Nation, the people couldn't get on planes to get to New York really fast. I am bringing this up because I am sure you have heard of it, but I think in the future whether we have to shut down the airports, or whether we can't allow flights, there has to be some accommodation so that your people wherever they are would be able to get onto a plane to get to where they have to go and not get in cars and drive for 72 hours.

We all learned a lot on September 11. My concern is—and I know that you have to be very careful about this—that we are prepared next time, because we don't know where it is going to come from. In listening to your testimony and thinking, when you are starting to transport nuclear waste, are they being guarded? I am just thinking maybe like a terrorist? Would I be on one of these roads?

I will be honest with you. Being on the Budget Committee, I never thought I would be dealing with these particular issues. So as a normal person I am trying to figure out how do I go back to my constituents and say, this is what we are doing to make sure these things don't happen. When Mr. Spratt went over the budget, and we very strongly here on the committee want to keep within our budget, but we also realize what the emergencies are, and I would like to ask and I know I am being parochial about this, but what would they do in New York with our subway system, with our bridges, certainly upstate New York with our water? I mean, all these things go through my mind. Are we prepared to really protect all these areas, and being that this is a nation of—we come and go freely, how do we protect everything that needs to be protected?

Dr. LILLIBRIDGE. I will jump in and take the stab at that. One of the things for us, we are not physical security experts nor intelligence experts. We are health-related experts who are concerned about the medical and the public health components in that, and that as we begin to think about our preparedness effort and the piece that we could work best on, the broader we got in terms of contingency planning for mass casualties, shoring up things like the National Disaster Medical System for surge capacity to help State and local communities, and widening that net for early detection of diseases or chemical exposures seem to be a prudent investment into the fabric, whether it be emergency management or public health infrastructure at the State and local level.

Mrs. MCCARTHY. Following through with that, especially in New York City, we have some tremendous hospitals. When you talk about your emergency response, are you talking about also on trying to educate the different departments in our city hospitals, and, to be honest with you, even on Long Island, because a lot of times we do get patients from the cities when they are overflowed? So are you talking about basically having resources go into our hospitals to make sure they are prepared, because they are not going to do it on their own because they are broke. They have no money.

Dr. LILLIBRIDGE. Right. Some of the things we have done in the past is embarked on training of health care providers. That has turned out to be critically important for early detection and awareness, and we are probably in our third year of providing that kind of training and cooperation with the Department of Defense and other groups that go out to health providers through training courses, regional courses, distance-based learning. I myself was in Valhalla just last week on a training initiative that involved regional hospitals and regional training.

The other capacity on that is this is the first year our budget has a request for hospital preparedness funding, and that would be a new element for us to address these kinds of issues. I think that will be an important thing to follow, and it is going to help address some of these critical needs through planning and then follow-up preparedness activities.

Mr. MAHALEY. Congresswoman, Joe Mahaley from Energy.

We had a lot of senior officials trapped around the country when they shut down all the airlines. Some of my folks drove from Albuquerque to Washington over a number of days. One of my office directors, I think, was in Minnesota. She showed up about a week later. It happened. Shame on us if we don't learn from it and make arrangements.

I will tell you, when we are talking about our emergency response assets, we have dedicated military air that will move that, but that will take the most critical assets where we need them. But you are right, it is a problem that needs to be addressed.

Shortly after September 11, I started attending the Justice Department Coordination Protection Working Group chaired by the Deputy Attorney General at that time. It is Larry Thompson, and it was evident from the first meeting that a lot of coordination was needed.

You can address all of these problems to a certain extent. You are not going to protect every reservoir or everything, but the one thing you don't want to do is waste money. The key to that efficient spending is coordination. So what has happened with that Justice Department working group is it has been supplanted now by the Office of Homeland Security. The Homeland Security Office is doing, in my judgment, a critical job of trying to coordinate all these activities. That is the only way we are going to be able to address these very, very wide-ranging threats with potential huge consequences.

Mrs. MCCARTHY. Thank you.

Thank you, Mr. Chairman.

Chairman NUSSLE. Thank you.

Mr. Price.

Mr. PRICE. Thank you, Mr. Chairman. I want to thank our witnesses for appearing here and for your very helpful testimony.

I would like to address my question to Dr. Lillibridge, at least initially. It has to do with the matter Mr. Spratt began to explore, the emergency supplemental appropriation directed toward bioterrorism preparedness mainly involving the CDC. As passed by the House, the bill contains \$2.1 billion for this purpose, and that is an increase of nearly \$600 million over the administration's request. As you know, Doctor, the CDC's Director, Dr. Jeffrey Koplan, has stated recently that the CDC needs at least \$3 billion in additional funds to prepare for a biological assault, not the \$2.1 billion contained in the House bill nor the \$1.7 billion requested by the administration. This emergency infusion of funds, he argued, is necessary to adequately stockpile vaccines, to upgrade laboratories and to expand health surveillance nationwide.

With that background I would like to ask you about your view of the funding needs. Of course, Dr. Koplan is not alone. His viewpoint has been mirrored by the American Public Health Association, the American Hospital Association, other experts and others on the front lines. Do you regard this supplemental as a down payment or a first installment on addressing remaining unfunded needs? Then in terms not just of the amount, but also the priorities, how adequate is the sense of priorities that this supplemental reflects? Are there others that need funding?

So my question both goes to the overall amount of funding and also the way that funding is prioritized.

Dr. LILLIBRIDGE. I would be delighted to answer that, Congressman Price. Let me begin by saying that the effort of public health preparedness is something we hope will continue over time. The status of public health declined over a period of two or three decades and will need consistent nurturing, development and building over time. The figure that was derived by the HHS and the administration, in discussions were derived and predicated largely, particularly the supplemental, on the kinds of things that we thought could be done right now, things that needed initial emphasis including the payment for a vaccine to get manufacturers moving, shoring up our stockpile around the threats of anthrax, and beginning to expand some of the issues on State and local preparedness. And those are the kinds of things that I think would be priorities for our kinds of development over time.

I believe over time you would see less development in terms of purchases, of stockpiling, and then more emphasis over time on State and local health infrastructure and key components of key agencies and alert response capacities, particularly CDC, FDA, and so forth.

Mr. PRICE. Do you have any reflections on the adequacy of the present levels of Federal support available to those State and local authorities? Do we need to reconsider that in light of what these local capacities look like, the new kinds of demands that are going to be placed on them, and, frankly, the many stresses and strains that State budgets are now subject to?

Dr. LILLIBRIDGE. We don't dispute that there are tremendous needs at the State and local level. In fact, we have often been a champion of those. There is some new information coming in. We

have done core capacity work. We have also caucused with State and local guilds about what kinds of infrastructure needs to be built and that this will be widespread over time for some duration of activity.

We think the emphasis clearly remains on the kinds of things that CDC and the Secretary have spoken to in the past, and those are the laboratory capacities both at the State and local level, and I will give you sort of a highlight thumbnail sketch of where we are. We have about 81 State and local laboratories that have the capacities for advanced biological detection. That is a start and helps us maintain some regional capacity, but to include the full clinical laboratories, to include more agents will require an effort over time both at CDC and at the emphasis of the State and local level.

Surveillance, our communications capacity, and indeed, as you well know—in terms of our information or dissemination of management capacities—that we are developing with State and local health departments, through our health alert network. When we started this effort, very few of our State and local health departments had the advanced information technology capacity to even receive health alerts. We are working on those things.

So is this the right priority? Is this the right direction? I would say yes. Clearly infrastructure, key components of key agencies and developing the kind of concerted partnership with State and local community and the Federal component of HHS is the way to go.

Mr. PRICE. Would you expect this thinking, these projections, to be mirrored in perhaps an additional supplemental request, or is it fair to expect this to be mirrored in the fiscal 2003 request?

Dr. LILLIBRIDGE. Good question, sir. We think both actually. Administration, HHS is open to working with OMB, Congress throughout this year as new threats, new situations develop during this ongoing emergency.

Second, we are working on the 2003 request, and it will reflect some expansion of these areas.

Mr. PRICE. Thank you.

Thank you, Mr. Chairman.

Chairman NUSSLE. Mrs. Clayton.

Mrs. CLAYTON. Thank you, Mr. Chairman. I also thank the panelists. Although jurisdiction in the Budget Committee may not be all three of your areas, but the interest of the Budget Committee is widespread, and it gives us an opportunity to learn from you, so I appreciate the opportunity to hear what various agencies are doing.

I want to follow up on the health as well. Coming from rural America, the infrastructure obviously is not there to receive it, but even when we try to get the supplement from the CDC sometime to supplement and disseminate the information they know, we are having a hard time understanding that. Can you—is it Dr. Lillibridge?

Dr. LILLIBRIDGE. Yes ma'am.

Mrs. CLAYTON. Would you just walk through what a county health official should expect to receive, given your capacity now, if they have an outbreak in bioterrorism, whether that be anthrax or some other threat right now?

Dr. LILLIBRIDGE. I would be delighted. One of the things that I would like to mention is perhaps I could use Florida as an example.

Mrs. CLAYTON. How about using North Carolina since I am from North Carolina.

Dr. LILLIBRIDGE. Even better. Using North Carolina as an example of what might unfold, we can look at the already existing strengths in there that we have been working with in North Carolina, the health department and some of the local communities. As you know, over the past 3 years there has been resources moved into the State for things ranging from laboratory to surveillance activities, and then through our Metropolitan Medical Response System, key cities in North Carolina have received grants to develop local preparedness planning activities, and some of them are quite strong.

What we would see unfold at the time of a crisis or when the alarm was sounded, you could expect to see that the public health medical community and those in emergency management and leadership positions in the State would be on high alert to evaluate the threat. We have done this perhaps 200 times over the past year, and most of these are ruled out until we had the recent anthrax event in Florida, New Jersey, New York and Connecticut. That would trigger a cascade of events that would bring in Federal responders from the health and law enforcement community to work with State and local authorities. This would involve perhaps components of stockpile, perhaps flying in locally to engage in prophylaxis, or to have medications or equipment ready to go.

The second thing you would expect would be epidemiologists or disease detectives from CDC to arrive to help work with the disease detection investigation with both State and local authorities, looking at and following up in cases, looking at clues, validating disease.

The third thing is that you would see an activation of the laboratory network. You would see specimens moving from A level to B level to C level labs and then back to CDC, and perhaps the facility at USAMRIID coordinated through law enforcement/FBI channels. This has been drilled and practiced and gives us kind of an impression on what are the main lessons learned from these events, and clearly we get back to communications.

Mrs. CLAYTON. Can I just interrupt? There is perhaps that in some places permitted in actuality, but more cases in theory have tested it out and wanted to have discussions around what the health response would be and how we would get CDC to interact with that; in fact, made efforts to call CDC to work with them. The health departments felt quite inadequate to face their own citizens to say their preparedness—and then I pulled off of your Web page North Carolina's bioterrorism plan, and when I got the director who had worked on that for the last 3 years to say, well, Ms. Clayton, we do have that in theory, but we don't quite have that implemented as well.

There were a lot of gaps and lot of reasons given to me why health professionals felt very insecure of speaking before the constituents, and we attempted to do that in Edgecombe County. We attempted to do that in Pitt County. We called the State person. I know they are training the health providers. In fact, they had a

telecommunication where they were walking through that step with them. So apparently the State plans that we have need to be updated and validated by walking through that to see where those gaps are.

Now, if it is not a process of not having to do it so—you haven't done it as thoroughly in all the places, or there is a need for new resources, I can just tell you are depending on a system that is untested, and so we shouldn't feel very confident that what is in place is even giving those who are on the front lines, our community health officials, the confidence to do what they need to do. They point out a lack of equipment, they point out a lack of information, and true, they know where to send a specimen to have it tested, but health education involves communication, and to the extent you can, you want to talk about prevention.

I am not sure what is missing, but I suspect resources may be part of it. I don't subscribe to the fact that resources is all of it, but I suspect resource is part of it. Usually people are active in those areas of health where there is a critical need, so you don't put staff resources where they are not. There isn't a level of confidence nor capacity at the State level nor at the local levels, and the reason I can say this is because I have tested it.

I am going to work with them, but I would also like to think that you would want to feel—because in your statement here you say the predication of a smallpox theory is based on working with coordination with local and State agencies. Well, incidents happen in local communities, incidents happen in States, and to the extent that where the incident happened we are not prepared, I don't care how sophisticated you are at CDC, it is not going to make much difference in responding to that crisis.

So what would you say we need to do to make sure that our State and local—

Dr. LILLIBRIDGE. We quite agree with you. One of the smallest areas of our preparedness effort over the last 3 years has been the preparedness planning element, and that has been less than \$2 million per year in support of extremely large mobilization. One of the things that we requested was additional resources to address the planning at the State and local level, which for the first time will become a serious, significant part of our effort.

We would quite agree with you that having all the bells and whistles and tools available without plans, knowledgeable and trained people to use them would seem less effective than had you spent the investment in planning and training. Those would be extremely important.

The other thing is the issue of communications. We realize that the issue of communications extends way beyond the issue of simple notification. The health officers need training, access to pre-packaged alerts. We need to have serious preparedness planning in the area of communication, a risk communication to populations. Our State and local health officers are going to need more help and training on that.

Mrs. CLAYTON. Now, this question probably shouldn't go to you. I guess it should go to Mr. Baker, but inasmuch as the Washington Post have recently indicated that bin Laden now has something we call a dirty bomb, and also given the fact that Governor Ridge has

just announced that we have a new alert, I don't know if the two are related to each other, to what extent are we prepared, or what should we be mindful of? What does this alert mean?

Mr. BAKER. Very good question. The work we are doing in Russia is securing material above 20 percent enriched. You can make a dirty bomb with 20 percent below enriched like uranium. The scare of the dirty bomb is not how many people it could kill, it is just putting some material with an explosive device that will explode and put radiation out. It is kind of like a little Chernobyl where people died of cancer. Some people very close to the blast could die.

What we are doing now is we are looking into, at least our program in Russia, trying to secure this material that is below 20 percent that you can make dirty bombs with and do as much as we can to make sure that this does not happen. It is a real threat. It is not nearly as sophisticated as a nuclear weapon, of course, but it is something that we are concerned about.

Mrs. CLAYTON. So concentrating on Russia would take care of bin Laden?

Mr. BAKER. It would help at least secure this stuff that Russia—they can't steal the material out of Russia if we secure the material that is below 20 percent enriched.

Mrs. CLAYTON. Is it the only source of it?

Mr. BAKER. Yes.

Mrs. CLAYTON. So the only source for material for a dirty bomb is in Russia?

Mr. BAKER. No. I am sorry. It could be in other places also, so it is a very big concern.

Mrs. CLAYTON. I am trying to get to the connection of the Washington Post saying bin Laden has the capacity. He is not in Russia; so he has the capacity where? If we know he has the capacity, how do we know that and don't know where he is? Help me understand why that is related to domestic security. So is there a relationship of the materials being here under disguise of people who are connected with that organization and to what extent we ought to be concerned if you have any responsibility that the defense is doing about it?

Mr. BAKER. There is a lot of nuclear material all over the world. Osama bin Laden could get it from many places. It is just not in Russia, of course. How we know he could have this and not know where he is located is, of course, through intelligence sources. Intelligence picks up a lot of things and, of course, I am sure some of it that we pick up in intelligence is from sources that they want us to pick up, so they may exaggerate what they have got. But you have at least got to take it in and consider that it may be true, but a lot of it may not be true.

Mrs. CLAYTON. The final question, is there a danger that that source of materials may be here and that organization—why is that connected to our domestic threat?

Mr. BAKER. I will let Mr. Mahaley answer that for security, about it being here.

Mr. MAHALEY. Ma'am, security is about reducing risk, and the nonproliferation program that Mr. Baker administers is attempting to plug one hole. I don't know what Mr. bin Laden or some other terrorist may have here, but we can't discount the possibilities. The

government is engaged in measures, but it is going to be something I can't go into in an open hearing. But the——

Mrs. CLAYTON. But is there a connection?

Mr. MAHALEY. The intent——

Mrs. CLAYTON. Is it just the media putting together, is there a connection here for us——

Mr. MAHALEY. Whether it is out in the media or not, I'm sure you understand I cannot go into the material that I get briefed in an open hearing .

Mrs. CLAYTON. I respect that.

Mr. MAHALEY. OK. I can offer you a closed hearing or a hearing in our facilities, or a briefing, I should say, that I would go into much more detail.

I will let the media speculation speak for itself, but we cannot discount that possibility, and the Department of Energy does have some responsibilities in that area. General McBroom actually leads those efforts, and I am sure he and I will be pleased to meet with you in any capacity to go into our efforts in more detail.

Mrs. CLAYTON. Thank you.

Thank you, Mr. Chairman.

Mr. BAKER. Mr. Chairman, I would like to add one more thing for you, sir, to this committee. When Congressman Spratt asked if one could use more money, one could give us all the money in the world, but if they don't give money in an area called program direction, which is people and salaries—it is more difficult for us to do our job. Congress cut the NNSA program direction below the President's budget by \$25 million. At the same time, we have accelerated these programs.

The President has accelerated them. The Secretary of Energy has accelerated them, and we are going to burn up people, because our people are in Russia.

Program direction is salaries and travel—you have got to travel to do our work. So it is one area, sir, that I would like to go on record that we need more money. We need help, and we may ask for a reprogramming, because if it is not in the program direction, we may have the money to do it, but if we don't have the people to do it, we can't do it. Thank you, sir.

Chairman NUSSLE. Thank you.

Are there any other final comments that witnesses would like to make?

Then I would like to thank you. I think to follow up on what Mrs. Clayton was saying, if we can speculate about it, they are probably thinking about it, too, and dreaming up—if we have learned anything from September 11, if we can speculate about it, they are thinking about doing it, and that is in part why we are talking today about restructuring the government into homeland security to take these new threats into consideration and to do something about it. I know we only scratched the surface today; we probably barely even did that. We could go on and on for hours talking about these issues, but we have to start somewhere, and we appreciate your effort to help us begin that task up here in Congress as we explore next year's budget.

Please continue to give us your thoughts and your ideas. We are all in this together, and we want to be on the same team, and we

appreciate the good work that you and your folks do on behalf of all of us so that we can sleep a little bit more soundly at night. And that is not easy to do these days, it seems, but we appreciate the good work that you and the people that work for you do for us. So thank you very much. And with that, the hearing is adjourned.
[Whereupon, at 12:30 p.m., the committee was adjourned.]

