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DEPARTMENT OF HOMELAND SECURITY APPROPRIATIONS FOR FISCAL YEAR 2004

HEARINGS

BEFORE A

SUBCOMMITTEE OF THE

COMMITTEE ON APPROPRIATIONS

UNITED STATES SENATE

ONE HUNDRED EIGHTH CONGRESS

FIRST SESSION

ON

H.R. 2555

AN ACT MAKING APPROPRIATIONS FOR THE DEPARTMENT OF HOMELAND SECURITY FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2004, AND FOR OTHER PURPOSES

Department of Homeland Security
Science and Technology Directorate
U.S. Coast Guard
U.S. Secret Service
Nondepartmental witnesses

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DEPARTMENT OF HOMELAND SECURITY APPROPRIATIONS FOR FISCAL YEAR 2004

TUESDAY, APRIL 8, 2003

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

The subcommittee met at 2:15 p.m., in room SD–124, Dirksen Senate Office Building, Hon. Thad Cochran (chairman) presiding.

Present: Senators Cochran, Gregg, Craig, Byrd, Harkin, Kohl, and Murray.

DEPARTMENT OF HOMELAND SECURITY

STATEMENT OF HON. MICHAEL BROWN, UNDER SECRETARY, EMERGENCY PREPAREDNESS AND RESPONSE DIRECTORATE

OPENING STATEMENT OF SENATOR THAD COCHRAN

Senator COCHRAN. The hearing will please come to order.

The subject of today's hearing is the fiscal year 2004 budget request for the Emergency Preparedness and Response Directorate of the Department of Homeland Security.

We appreciate the attendance of Under Secretary Michael Brown. We thank you for your attendance today and welcome you and those who have accompanied you to this hearing.

The President's budget request for Emergency Preparedness and Response totals $5.96 billion. We have a copy of the statement you have prepared for the committee, which we will make a part of the record in full. And we will invite you to make any explanation of the budget request which you think would be helpful to the committee as we review this request for appropriations.

But before proceeding, I want to recognize my good friend, the distinguished Senator from West Virginia and the ranking Democrat on the committee, for any opening statement that he would wish to make.

Senator Byrd.

STATEMENT OF SENATOR ROBERT C. BYRD

Senator BYRD. Well, thank you, Mr. Chairman. This is the first witness to testify before the recently established Homeland Security Subcommittee of the Senate Appropriations Committee, the subcommittee that is tasked with making careful choices about how best to take care of our Nation. Is this working?

We have been able to send a person to the moon and bring him back safely again, but we have never been able to perfect a good public address system.

So this subcommittee has to find the proper balance. How do we make America safe without fundamentally changing the quality of a free society? How do we protect ourselves from a threat within our borders, while protecting our privacy rights, and our freedom to move about this great country? How do we invest the resources and organize our efforts to catch terrorists without throwing out The Constitution? How do we make sure that the agencies that have been merged into the new Department of Homeland Security and that have specific missions unrelated to homeland security, such as preventing and responding to natural disasters, have the resources to effectively accomplish those missions?

Over the last 10 years, the Federal Emergency Management Agency has earned the reputation as the Federal agency that extends help to Americans in their darkest hour. Time and again, when Americans have been struck by hurricanes, when West Virginians have been struck by floods, and when Americans have been struck by earthquakes, FEMA has been the Federal agency that was the firm shoulder that disaster victims could lean on.

That is not to say that FEMA's response has always been without problems, but in recent years, FEMA has been organized as, and has been very adept at, helping the victims of national emergencies. I know a good many families and communities in West Virginia who look at FEMA and wonder where they would be, how they might have survived, without the aid of FEMA.

In your testimony today, please explain to the subcommittee what you expect the impact will be of the merger of FEMA into the Department of Homeland Security. Under the umbrella of the new Department of Homeland Security, with so much emphasis on homeland security, can the recently created Emergency Preparedness and Response Directorate continue to provide the victims of natural disasters with the same kind of rapid and organized assistance?

FEMA was formed in 1979 by merging into one agency five agencies from existing Federal departments. And it took 15 years for FEMA to work through organizational glitches and internal bickering at times. I have been on this committee since FEMA was created, and I do not want to see this very important agency go through more growing pains.

While learning to prepare for and to respond to all hazards, the Emergency Preparedness and Response Directorate must not lose its capacity to respond effectively to natural disasters.

Now, the Homeland Security Act places new responsibilities on your agency, including program transfers from the FBI—it is that broccoli I had for lunch. Gives you trouble. Does it give you trouble?

Mr. BROWN. Not too often, Senator.

Senator BYRD. The Homeland Security Act places new responsibilities on your agency, including program transfers from the FBI, health and human services, and the commerce department. It is this subcommittee's job to ensure that you have adequate resources

to maintain your past level of activity and to take on these new responsibilities.

I hope that in your testimony today, you will address whether the President's budget provides the resources to address these new responsibilities without undermining your missions related to responding and preventing natural disasters. I will look forward to your testimony.

Senator COCHRAN. Thank you very much, Senator. Senator Gregg.

Senator GREGG. Mr. Chairman, I will look forward to hearing the witness.

Senator COCHRAN. Mr. Secretary, you may proceed.

STATEMENT OF MICHAEL BROWN

Mr. BROWN. Thank you, Senator. Good afternoon, Mr. Chairman, Senator Byrd, Senator Gregg. It is certainly my pleasure to be here.

I am Michael Brown, the Under Secretary for the Emergency Preparedness and Response Directorate (EP&R) of the Department of Homeland Security. On March 1 of this year, the Federal Emergency Management Agency (FEMA) became part of the Department of Homeland Security. We at FEMA are honored and excited to be a part of this DHS mission to prepare and protect our Nation.

However, I want to assure the members of this subcommittee that FEMA will not lose sight of its responsibility to help people and communities affected by natural disasters. During my tenure at FEMA, I have developed an acute appreciation for its all-hazards mission.

To underscore that point, it is useful to examine our mission statement. The mission statement of the Emergency Preparedness and Response Directorate is to lead the Nation to prepare for, mitigate the effects of, respond to, and recover from major domestic disasters, both natural and manmade, including incidents of terrorism. It still contains the core responsibilities that guided FEMA as an independent agency.

Since March 1 and the standing up of the Department of Homeland Security, we have responded to disasters caused by snowstorms, ice storms, flooding and the Columbia Space Shuttle disaster.

We have not changed how we respond. The core competencies of my dedicated staff have not changed, nor have the experience and expertise that they bring to the table.

We embrace our new homeland security responsibilities. Those responsibilities will be folded into our long-standing, well-tested organization and will not replace it.

As we moved into the Department of Homeland Security, I ordered an internal reorganization of the directorate. We look forward to submitting those changes to you once we have completed our realignment.

FEMA will be divided into four disciplines: preparedness, mitigation, response and recovery. This reorganization reflects the traditional areas of emergency management. It also resembles the organizational flow used by many States who must continue to be our partners in incident management.

The changes that FEMA has undergone, both external and internal, have not changed its focus. And as part of DHS, we will continue FEMA's tradition to be there whenever disaster strikes, whatever its nature.

The Emergency Preparedness and Response Directorate faces serious challenges in achieving this mission. Chief among those challenges is increased risk. America's metropolitan areas continue to grow in size and density, with many of the largest situated in coastal regions, along earthquake faults, or in other high-risk areas. Commercial and residential development have progressed at a rapid pace across the Nation, expanding into previously unsettled or sparsely populated areas, and exposing growing communities to new risks, especially wildfire, flooding, and erosion.

To address these growing risks, EP&R will act accordingly. We are working to consolidate the multiple Federal response plans into a single national response plan governing our emergency activities across all levels of Government.

We are augmenting and maintaining the Nation's pharmaceutical and vaccine stockpiles and strengthening their future capacity to ensure adequate supplies in the event of a national emergency.

We are committing ourselves to recruiting, training and retaining a top-notch workforce and developing a staff with the talent, skills, competencies and dedication necessary to meet the demands of the future.

We are working to further develop State, local and volunteer readiness strategies through planning, mitigation, preparedness, response and recovery activities.

Finally, we are providing critical information to the public, the media and the emergency management community by maintaining public information programs and by building partnerships with and among Government entities, other responder organizations and the private sector.

Toward these goals, the President's Budget for Fiscal Year 2004 requests resources to address these areas. Approximately $900 million is proposed for Project BioShield for a new permanent authority that would allow the Government to secure medical countermeasures to strengthen the Nation's preparedness against bioterror attacks.

There is $400 million to be spent to augment and maintain the Strategic National Stockpile of drugs and vaccines in order to expand and strengthen America's capability to respond to a bioterrorism threat.

$300 million is proposed to continue the pre-disaster hazard mitigation program, ensuring that the most worthwhile and cost-effective mitigation programs are funded.

$200 million is proposed to correct, update and digitally distribute the Nation's flood insurance rate maps, identifying areas at risk. These maps will guide future development and flood mitigation efforts.

Finally, $1.9 billion will provide disaster relief under those primary assistance programs that provide a significant portion of the total Federal response to victims in presidentially declared major disasters and emergencies.

These programs reflect FEMA's commitment to performing its mission of leading America to prepare for, mitigate the effects of, respond to and recover from disasters, both natural and manmade, including those acts of terrorism. Successfully implementing these missions is key to our Nation's well-being.

Finally, one of the strategies the Department of Homeland Security will employ to implement its broad agenda is the consolidation of the Department's grant processes within a single directorate to allow its State and local partners one-stop shopping for all homeland security needs.

The President's Budget consolidates grants for first responders in the Office for Domestic Preparedness (ODP) within the Border and Transportation Security Directorate. The assistance to firefighters, State and local all-hazards emergency operations planning, interoperable communications equipment and Emergency Management Performance Grants all move from FEMA to ODP.

Because of the proposed transfer of these grant programs, those resources are now shown in the Border and Transportation Security/ODP budget instead of the FEMA budget.

In closing, I would like to thank the members of this subcommittee for the opportunity to speak about some of our successes over the last year, and our challenges ahead in the fiscal year 2004 budget.

PREPARED STATEMENT

FEMA joins DHS with great faith that we now have an entire department helping us secure the Nation against all hazards, whether natural or manmade. We will do our part by responding to disasters wherever they strike and whatever causes them. And with that, Mr. Chairman, I am happy to answer any questions.

[The statement follows:]

PREPARED STATEMENT OF MICHAEL BROWN

INTRODUCTION

Good afternoon, Chairman Cochran and Members of the Subcommittee. I am Michael Brown, Under Secretary for the Emergency Preparedness and Response Directorate (EP&R) of the Department of Homeland Security.

On March 1 of this year, the Federal Emergency Management Agency, FEMA, became part of the Emergency Preparedness and Response Directorate of the Department of Homeland Security (DHS). We are proud to join the new Department and are determined to do our part to help Secretary Ridge and the Department succeed. I want to assure the Members of this Subcommittee that EP&R will not lose sight of its responsibility to help people and communities affected by disasters. I served as the General Counsel of FEMA when I first arrived in Washington, D.C. and, at the time of the creation of DHS, as the Deputy Director. Given that experience, I have an acute appreciation for EP&R's mission and its important role in the Department. To underscore that point, it is useful to examine our mission statement. The mission statement of EP&R,

To lead the Nation to prepare for, mitigate the effects of, respond to, and recover from major domestic disasters, both natural and manmade, including incidents of terrorism still contains the same core responsibilities that guided FEMA as an independent agency. Since March 1, DHS/EP&R has responded to disasters caused by snowstorms, ice storms and flooding. We have not changed how we respond.

As we moved into DHS, I ordered an internal reorganization of EP&R. We look forward to submitting those changes to you once we have completed our realignment. EP&R will be divided into four disciplines—preparedness, mitigation, response and recovery. This reorganization reflects the traditional areas of emergency

management. It also resembles the organizational flow used by many States, who continue to be our partners in emergency management.

The changes FEMA has undergone—both external and internal—have not changed our focus. As part of DHS, EP&R will continue FEMA's tradition to be there whenever disasters strike.

FISCAL YEAR 2002 ACCOMPLISHMENTS

During fiscal year 2002, the Federal Emergency Management Agency (FEMA) expended nearly $3.9 billion in disaster funds to aid people and communities overwhelmed by disasters, which included earthquakes, floods, ice and winter storms, fires, hurricanes, tornadoes, and tropical storms. FEMA responded to 42 major disasters involving 28 States and 4 U.S. Territories.

FEMA also provided assistance for a near-record 83 fire events that affected 18 States, with the western part of the Nation experiencing one of the worst fire seasons in U.S. history. In fiscal year 2002, FEMA received $360 million in Assistance to Firefighter Grants for equipment, safety and prevention programs and vehicles. We received $745 million for that purpose in fiscal year 2003. Late in fiscal year 2002, FEMA was appropriated $225 million to distribute to States in fiscal year 2003 to modernize their emergency operations centers, update their emergency response plans, and improve their emergency preparedness.

In addition to the numerous disasters that struck in fiscal year 2002, FEMA continued its full support to the City and State of New York in their recovery efforts from the terrorist attacks of September 11, 2001. This includes distributing the $9 billion allotted by President Bush and Congress.

CHALLENGES

The Emergency Preparedness and Response Directorate faces serious challenges in achieving its mission. Chief among those challenges is increased risk. America's metropolitan areas continue to grow in size and density, with many of the largest situated in coastal regions, along earthquake faults, or in other high-risk areas. Commercial and residential development have progressed at a rapid pace across the Nation, expanding into previously unsettled or sparsely settled areas, and exposing growing communities to new risks, especially wildfire, flooding and erosion. To address these growing risks, EP&R will continue to emphasize pre-disaster mitigation and insurance.

The risks associated with acts of terrorism also pose a significant challenge for EP&R. FEMA's rapid and decisive response to the events of September 11 demonstrated the Agency's role in consequence management. As a result, the Nation is looking to the emergency management community—and EP&R in particular—to meet this challenge. Creating a single, all-incident management plan from the multiple Federal response plans currently operating is an important step in ensuring EP&R meets the challenge. Maintaining the Nation's pharmaceutical and vaccine stockpiles, and strengthening their future capacity to ensure adequate supplies in the event of a national emergency are additional activities we will undertake.

EP&R also faces serious challenges in maintaining and developing its workforce. Within the next 5 years, 48 percent of the EP&R workforce is projected to become eligible for retirement. Given this, EP&R has committed itself to recruiting, training, and retaining a top-notch workforce and developing a staff with the talent, skills, competencies, and dedication necessary to meet the demands of the future.

Meeting multiple demands with limited resources, a problem familiar to all Federal agencies, is another obstacle EP&R will have to overcome to achieve its mission of protecting the lives and property of the American people.

ACTIVITIES

Specific mission activities include:

—Improving the Nation's disaster response capabilities and those of State and local governments by developing and maintaining an integrated, nationwide operational capability to respond to and recover from disasters and emergencies, regardless of their cause, in partnership with other Federal agencies, State and local governments, volunteer organizations, and the private sector.

—Assisting all levels of government, first responders, volunteer groups, and the public in meeting the responsibilities of domestic emergencies and challenges, especially incidents that are fire-related or chemical/biological in nature through planning, mitigation, preparedness, response, and recovery activities.

—Using risk management strategies to reduce and eliminate the long-term risk to life and property from natural and technological hazards such as floods, earthquakes, hurricanes, and dam failures.

—Ensuring the adequacy of the Nation's pharmaceutical and vaccine stockpiles and other medical supplies that can be delivered to emergency sites in 12 hours.
—Providing critical information to the public, the media, and the emergency management community by maintaining public information programs and by building partnerships with and among government entities, other responder organizations, and the private sector.

2004 HIGHLIGHTS

The President's Budget for 2004 includes several areas of emphasis:
—$890 million is proposed for a new, permanent authority that would allow the Government to secure medical countermeasures to strengthen the Nation's preparedness against bioterror attacks.
—$400 million would be spent to maintain the Strategic National Stockpile of drugs and vaccines in order to expand and strengthen America's capability to respond to a bioterrorism threat.
—$300 million is proposed to continue the pre-disaster hazard mitigation program to ensure that the most worthwhile and cost-effective mitigation programs are funded.
—$200 million is proposed to correct, update, and digitally distribute the Nation's flood insurance rate maps, to identifying areas at risk. The maps will guide future development and flood mitigation efforts.
—$1.9 billion will provide disaster relief under the primary assistance programs that provide a significant portion of the total Federal response to victims in presidentially declared major disasters and emergencies.

EP&R's 2004 programs reflect its commitment to performing its mission of leading America to prepare for, mitigate the effects of, respond to, and recover from disasters, both natural and manmade, including incidents of terrorism. Successfully implementing the EP&R missions is key to our Nation's well being.

PREPAREDNESS

The mission and overriding objective of the Preparedness Division is to help the Nation better prepare to respond to emergencies and disasters of all kinds, including those resulting from acts of terrorism and involving weapons of mass destruction (WMD).

The fiscal year 2004 budget request for the Preparedness Division is contained in our $1.652 billion operating expense account. Preparedness priorities include:
—Strengthening the ability of State and local emergency managers and responders to prepare for and respond to all hazards, including terrorist attacks;
—Building and sustaining a national preparedness and response capability.

The Preparedness Division is responsible for Federal, State, local, and community preparedness programs; assessments and exercises; the Radiological Emergency Preparedness program and the Chemical Stockpile Emergency Preparedness Program; and emergency management and first responder grants administration.

The Preparedness Division also includes the U.S. Fire Administration, whose mission is to reduce life and economic losses due to fire and related emergencies. Fire death rates in the United States are among the highest in the industrialized world, but many of these deaths are preventable. The U.S. Fire Administration works to prevent these deaths and the damage to property through leadership, advocacy, coordination and support. The training programs offered at the National Fire Academy and the Emergency Management Institute to promote the professional development of command level firefighters, emergency managers and emergency responders are an important aspect of the U.S. Fire Administration's duties.

Another training program in the Preparedness Division is the Noble Training Center located at Ft. McClellan, Alabama. Noble Training Center is the only hospital facility in the U.S. devoted entirely to medical training for WMD. The Noble Training Center trains medical personnel for State and local hospitals, emergency medical services, the National Disaster Medical System and the Metropolitan Medical Response System.

The Preparedness Division will provide the expertise to develop the National Incident Management System (NIMS) and the National Response Plan (NRP). The objective of both of these tasks is to ensure that all levels of government across the Nation work efficiently and effectively together, using a national approach to domestic incident management.

NIMS will provide a consistent nationwide approach for Federal, State, and local governments to work effectively and efficiently together to prepare for, respond to, and recover from all domestic incidents. To provide for interoperability and compatibility among Federal, State, and local capabilities, the NIMS will include a core set

of concepts, principles, terminology, and technologies covering the incident command system; multi-agency coordination systems; unified command; training; identification and management of resources (including systems for classifying types of resources); qualifications and certification; and the collection, tracking, and reporting of incident information and incident resources.

The Preparedness Division will continue to provide the States with technical assistance in their all hazards planning. As part of our effort to prepare our citizens for all disasters, the Division will oversee the Community Emergency Response Teams, or CERT. This program, begun as a civilian training program by the Los Angeles Fire Department, has become a nationwide effort to train citizens in first aid and basic firefighting and emergency response techniques. CERT trained citizens are able to provide those basic emergency services that would otherwise occupy the first responders. EP&R provides train-the-trainer programs to allow as many citizens as possible to receive this training across the country. Currently, over 200,000 citizens have received CERT training; our goal is to train 400,000 citizens by the end of 2003.

Preparedness is also responsible for the Metropolitan Medical Response System (MMRS). The MMRS consists of 120 teams of medical responders located in major metropolitan areas. The primary focus of the MMRS program is to develop or enhance existing emergency preparedness systems to effectively respond to a public health crisis, especially a WMD event. Through preparation and coordination, the local law enforcement, fire, hazmat, EMS, hospital, public health, and other "first response" personnel are better able to effectively respond in the first 48 hours of a public health crisis.

MITIGATION

Our mitigation efforts are an essential cornerstone of the Department of Homeland Security's resolve to protect the lives and property of Americans from the ravages of disasters. Mitigation programs provide us the opportunity not only to develop plans to reduce risks, but to actually implement those plans before a disaster occurs.

In fiscal year 2003, Congress supported the President's efforts to promote disaster mitigation by creating and funding two initiatives: pre-disaster mitigation grants and flood map modernization. We are moving quickly to implement both of these important initiatives.

The Pre-Disaster Mitigation program supports the goals of disaster mitigation partnerships. The competitive nature of this funding source encourages communities to assess their risks, evaluate their vulnerabilities and incorporate an action plan into the ongoing planning processes.

As an annual grant program, the Pre-Disaster Mitigation program gives States and communities the opportunity to develop plans to reduce risks. States will no longer need a presidentially declared disaster before they can receive mitigation funding to reduce their most significant risks. Mitigation of the most hazardous risks should be a regular investment priority, and not contingent upon a disaster declaration.

This competitive program will help ensure that the most worthwhile and most cost-effective projects are funded. The goal is to fund activities that will reduce the risks of future damage in hazard-prone areas, thereby reducing the need for future disaster assistance.

The States play an essential role in the implementation of all of our mitigation programs, and they will be prominent in the pre-disaster mitigation program.

With respect to the pre-disaster mitigation grants, we have already announced the availability of funds for pre-disaster mitigation planning grants based on the fiscal year 2003 appropriation. The application deadline for these grants is April 30, 2003, and we will award these grants to the approved States and territories soon thereafter.

The fiscal year 2004 budget proposal includes $300 million: an appropriation request of $280 million for the Pre-Disaster Mitigation program coupled with $20 million transferred from the National Flood Insurance Fund for flood mitigation grants.

The fiscal year 2004 request also includes $200 million for the Flood Map Modernization Program which is also well underway. Flood maps have been produced for over 19,000 communities. Communities, lenders, insurance agents and others use the maps and the flood data approximately 20 million times a year to make critical decisions on land development, community redevelopment, insurance coverage, and insurance premiums.

Now, however, more than two-thirds of the maps are more than 10 years old. Many do not accurately reflect the change in flood risk due to increased develop-

ment over the years. Nearly all of the maps have out-dated streets that make it difficult to precisely determine if a property is located in a floodplain. Of additional concern is that the vast majority of the existing maps are not compatible with today's Geographic Information System (GIS) technology. This further complicates communities' efforts to implement mitigation strategies through building code and planning and zoning enforcement.

We will continue implementing a two-pronged approach, begun in fiscal year 2003, for updating the Nation's flood hazard data. With buy-in from our State and local partners, we are focusing first on high-risk areas. This will best serve our mission to reduce losses of life and property. In addition, to take advantage of economies of scale in these areas, we are emphasizing basin wide studies, where they are feasible and cost effective. Secondly, we plan to capitalize on areas that have existing data that can be quickly and efficiently converted to up-to-date flood studies supporting the National Flood Insurance Program (NFIP). This approach provides a framework for prioritizing projects and is scalable to accommodate available funding in fiscal year 2004 and subsequent years.

One reason the NFIP flood hazard data is out of date is the lack of ownership at the State and local levels. Our strategy for map modernization seeks to change this pattern. We will engage in partnerships and establish a process that enables State, regional, and local entities to manage their flood hazard data. Many local governments already implement the floodplain management standards of the NFIP. So, where the interest and capability exist, hazard identification activities should also be accomplished locally. We will provide flood hazard identification training and technical assistance to those interested in flood hazard identification. This training will increase the capability of States, regional planning commissions, flood control districts, and local governments to produce and maintain flood hazard studies. The end result will be a decentralized system for producing data by those most affected by the flood hazard.

A key component of the flood map modernization initiative is improving e-Government processes for flood hazard data creation and distribution. Through the Flood Map Modernization Program, we will enable easy access and exchange of flood hazard data through the Internet. This system will provide tools allowing the effective use of information for making decisions that reduce vulnerability to flood risk.

It is critical that the new flood maps be maintained. We will work closely with the States and local communities to do so. By moving to a web-based distribution system and using technology to adjust the maps, we will provide timely, accurate flood risk information to communities that wish to make development and redevelopment decisions without the risk of increasing flood damages.

So far, in fiscal year 2003, we have implemented a performance-based acquisition strategy for modernizing the Nation's flood maps. Our "results oriented" approach leverages the industry's innovations and "best business practices" to deliver new flood maps in the most cost effective and timely manner possible. In addition, we are implementing an integrated acquisition strategy that will leverage expertise and resources with other Federal agencies and our State and local partners.

Mr. Chairman, I am also happy to report that the National Flood Insurance Program, the largest single-line property insurance writer in the country, is once again debt-free and stands on solid financial ground as we begin a new era in emergency management.

In June of 2001, Tropical Storm Allison battered the Gulf Coast and East Coast States. After the final losses were tallied, Allison had the dubious distinction of becoming our first billion-dollar tropical storm, and we borrowed $660 million from the U.S. Treasury to pay for losses that exceeded our reserves. We have repaid that debt, with interest, as of October 2002.

Approximately 30,000 families, business, and other victims of flooding from Allison received payments from the National Flood Insurance Program rather than relying on disaster relief. This example proves again the value of the flood insurance program, which helps America recover from the devastating effects of flood, while minimizing the burden on the taxpayer.

RESPONSE

The Response Division coordinates and implements the Federal response to presidentially declared disasters. The budget for the Response Division is contained in the Operating Expenses account and in the Disaster Relief Fund.

We will continue to improve our disaster response capabilities—and those of State and local governments—through the efficient and effective delivery of disaster assistance to victims, while also reducing costs and ensuring accountability of response assets and equipment. The Response Division is charged with developing and

maintaining an integrated, nationwide operational capability to respond to and recover from disasters and emergencies, regardless of their cause, in partnership with other Federal agencies, State and local governments, volunteer organizations, and the private sector.

As one of its new initiatives, the Response Division will streamline capabilities by merging the Federal interagency response plans into one national response plan. The National Response Plan will encompass the Federal Response Plan, the National Contingency Plan, the Federal Radiological Response Plan and the Interagency Concept of Operations Plan.

We also recognize that disasters, such as an earthquake on the New Madrid fault, have the potential of affecting tens of thousands of people. While the emergency management community is well-trained to handle day-to-day disasters, we are not adequately prepared to handle a truly catastrophic event. In order to respond to such events, the Response Division will pursue comprehensive, all hazards catastrophic planning. The goal is to ensure an integrated Federal, State, local and private sector response and an efficient mobilization of resources in the event of a catastrophic disaster. The first area of concentration will be catastrophic housing.

As part of the EP&R budget, $400 million is requested to maintain the Strategic National Stockpile. The Strategic National Stockpile is made up of pharmaceuticals, vaccines and medical supplies housed in various areas around the country in case of emergencies. By dispersing the assets, we are able to get the necessary supplies to a disaster site in 12 hours.

The Administration is requesting $890 million is requested for a new authority to allow the Federal government to purchase vaccines and medication for biodefense. EP&R is beginning its work in this arena by developing a bio-terrorism response plan, Bio-Watch; participating in Metropolitan Washington Council of Governments Bio-terrorism Task force; and participating in major bio-terrorism response exercises such as TOPOFF 2 and Exercise Silent Night.

The Response Division will take operational control over three separate teams of specialists that can be rapidly mobilized in times of disaster: the Domestic Emergency Support Team (DEST) from the Federal Bureau of Investigations (FBI); the National Disaster Medical System (NDMS) from the Department of Health and Human Services; and the Nuclear Incident Response Teams (NIRT) from the Department of Energy.

DEST provides expert advice, guidance and support to the FBI On-Scene Commander (OSC) during a WMD incident or credible threat. It is a specialized interagency U.S. Government team comprised of crisis and consequence management components. The DEST augments the FBI's Joint Operations Center (JOC) with tailored expertise, assessment and analysis capabilities.

NDMS is a nationwide medical response system to supplement State and local medical resources during disasters and emergencies and to provide backup medical support to the Departments of Defense and Veterans Affairs medical care systems during an overseas conflict.

The final new team, the NIRT, was established to provide a versatile nuclear and radiological emergency response and management capability.

RECOVERY

The disaster relief activities of EP&R are financed primarily from the Disaster Relief Fund (DRF) with funding for permanent staff in the Operating Expenses appropriation. The 2004 budget request for the DRF includes $1.934 billion which will help insure that we meet outstanding obligations from previous disasters, and have the funds needed to handle events in fiscal year 2004.

The Recovery Division administers the programs that help States, local governments, communities and individuals recover after the President has determined supplemental Federal assistance is needed. The Individual and Public Assistance programs will remain our primary commitment to communities, individuals, and families affected by disasters. To provide assistance as quickly as possible, we coordinate closely with our regional offices, disaster field offices, other Federal agencies, our State partners and voluntary organizations.

The Individual Assistance Program provides individuals and families affected by disasters with a full range of available programs in a timely manner. This assistance varies from tangible help such as providing funds to repair homes, to the more intangible programs providing emotional support through State crisis counseling programs. When disaster strikes, individuals and families need immediate information and help. Once the President declares a disaster, applications for individual assistance are taken and centrally processed to get money into the hands of the victims as soon as possible, generally within 7 to 10 days. Through timely home inspec-

tions and nationwide call centers, disaster victims are able to obtain the information and assistance needed to recover.

The Public Assistance Program is the primary means for community recovery. This program provides cost-shared grants to States and local governments and to certain private non-profit organizations for debris removal, emergency protective measures, and repair or replacement of damaged facilities, such as roads, buildings, and utility systems. A recent example with which you may be familiar was the removal of approximately1.8 million tons of debris from the World Trade Center attack. This enormous effort was completed both ahead of schedule and under budget. Also, we were better able to address the complex transit issues in New York City following 9/11 by collaborating with other Federal agencies. Specifically, integrating FEMA's programs with those of the Federal Transit Administration improved the means in which financial assistance was provided to the City.

In order to promote a more efficient use of Federal and State resources, we work with State and local applicants to evaluate damage to facilities and estimate the cost to repair them. In addition, we encourage communities to include mitigation measures in repairs to reduce future damages to facilities. Finally, EP&R encourages States with adequate resources to assume a larger role in managing the Public Assistance program in their States.

The Fire Management Assistance Program is another key resource for States and local governments to mitigate, manage, and control forest or grassland fires to prevent damages that result in a major disaster declaration. This past year's drought spawned many fires, and the financial assistance we provided through more than 80 fire declarations saved millions of dollars in damages to private properties and public facilities.

We take our mission to help communities and citizens recover very seriously. We continuously survey our customers and evaluate the effectiveness of our Recovery Programs to help communities and disaster victims and, at the same time, ensure the proper stewardship of Federal taxpayer dollars.

CONCLUSION

In closing, I would like to thank the Members of the Subcommittee for the opportunity to speak about some of our successes over the last year, our challenges ahead and the fiscal year 2004 budget for the Emergency Preparedness and Response Directorate of the Department of Homeland Security. We join DHS with great faith that we now have an entire department helping us secure the Nation against all hazards, both natural and man made. We will do our part by preparing for, mitigating against, responding to and recovering from disasters. I would now be pleased to answer any questions you may have.

DISASTER RELIEF FUND

Senator COCHRAN. Thank you very much, Mr. Secretary, for summarizing your statement and explaining the highlights of the President's budget request for 2004.

As you know, we just completed action here in the Senate on a supplemental appropriations bill. I wonder if you have any comments about the sufficiency of the funds that have been included in the Senate supplemental appropriations bill in helping meet the needs of this directorate for the balance of this fiscal year?

Mr. BROWN. Senator, I think that the supplemental goes a long way to meeting some of our unmet needs. As you know, when the threat advisory level changes and we go to different colors, and right now we are in Code Orange, it causes agencies like FEMA to go through a checklist of different actions that we think are appropriate to take both within the National Capital Region and out among our regional directorates across the country.

We do not just summarily go through and implement everything that is on that checklist, but only those which we think are appropriate. So consequently, our operational budget increases dramatically. And I think the increase in the War Supplemental from $15 million to $45 million is a very significant help to us.

I will tell you, however, we are still short in the Disaster Relief Fund. We would appreciate any help you could give us in that area.

Senator COCHRAN. Well, in that connection, I recall the other day when you came by my office, which I appreciated very much that we talked about how it is hard to predict how much money is going to be needed for disaster relief because none of us knows what the nature of the disaster situation is going to be from 1 month to the next, or 1 year to the next. And we can pick out a number, the administration can or the committee can, and put it in a bill, hoping that will take care of the needs. What happens, though, if we get to the point where obviously we are today—and your answer suggests we may be about to run out of money in the disaster relief account—what happens when you do run out of money and Congress has not put sufficient funds in a supplemental or provided them to your office?

Mr. BROWN. Historically, Mr. Chairman, yearly appropriations average approximately $3 billion for the Disaster Relief Fund, the DRF. That normally gets us through a typical year of covering ongoing disasters. For example, right now we have, approximately 50 open disasters on which we are expending funds, either in individual assistance or public assistance.

That assistance may include things like payments to individuals for repairs to homes, payments to State and local governments for repair of buildings, roads and bridges and so forth.

What normally happens is that the Office of Management and Budget (OMB) will keep the Disaster Relief Fund at about a half-billion-dollar level. A couple of days ago, it was down to about $28 million, the lowest in the history of the agency, I believe. It is now back up today, I think, to about $44 million.

If OMB does not release the funds soon to the DRF, EP&R will probably have to delay the start of some projects or postpone the completion of other projects until we do receive the needed funds.

Senator COCHRAN. Am I correct in assuming that many of these projects you are talking about are projects that are really under the purview of local governments, counties or States, where they are rebuilding a bridge or repairing infrastructure of one kind or another?

Mr. BROWN. Yes. Either assistance to individuals as a result of a disaster or public assistance to State and local governments. We provide funds through the State governments and they pass it to the entities in the declared disaster area. But primarily we are talking about public assistance projects, which would be the buildings and that type of thing that would have been damaged in a disaster.

Senator COCHRAN. Yes. So if those local Governments are deprived of funds, particularly over a long period of time, we are going to run the risk of creating some more problems and hazards for the people who live in those communities, or States, is that correct?

Mr. BROWN. That is correct. We will reach some go point where I will have to have my financial people and others through to see what projects have been obligated and which ones we need to pare back until we either get a release of funds from OMB or additional funding in the DRF.

ASSISTANCE TO FIREFIGHTER GRANTS

Senator COCHRAN. I want to ask one other question. Then I am going to yield to other members of the committee for any questions that they have. Can you tell us why the budget request shifts the assistance to firefighter grants from Emergency Preparedness and Response to the Office for Domestic Preparedness?

Mr. BROWN. The President's original proposal recommended that the entire first responder grantmaking process in the Department of Homeland Security be moved to FEMA, the Emergency Preparedness and Response Directorate. Congress chose not to do that, and instead chose to split the first responder grants between FEMA and ODP. As we move through the transition, all of the normal first responder grantmaking processes that FEMA performs will go into ODP within the Border and Transportation Security Directorate to create a one-stop shop for first responders.

Senator COCHRAN. Do you have any concerns regarding the shift in the administration of this important grant program—if so, what are they?

Mr. BROWN. I think the record would show that, as Senator Byrd has commented, FEMA had some glitches in the beginning. I also think the record would show that over the past 10 to 12 years, FEMA has done an exceptional job of processing those grants in a very timely and organized fashion.

I am committed to making certain that if the grants do move to ODP, that we will provide whatever resources we need to provide to ODP to allow them that same culture and that same ability.

Senator COCHRAN. Thank you. Senator Byrd.

DISASTER RELIEF FUND

Senator BYRD. You have said that your current balance is about $44 million?

Mr. BROWN. Yes, sir.

Senator BYRD. And, what is the amount that can be made available on a contingent basis? Have you made a request to OMB?

Mr. BROWN. Yes, Senator, we have asked OMB to release the funds to get us back up to at least the $500 million level.

We started that process in early February.

Senator BYRD. Given the fact that in an average month FEMA pays out $250 million from the Disaster Relief Fund, $544 million does not seem like enough to get you through the end of fiscal year 2003. Will the President send up a supplemental funding request?

Mr. BROWN. I do not know, sir. You will have to ask him.

Senator BYRD. Well, why would I have to ask him?

Mr. BROWN. I do not know if the Administration plans on submitting another supplemental request.

Senator BYRD. Well, do not give me a flippant response like that.

Mr. BROWN. I am not, Senator. I am just saying I really do not know whether or not they are going to request another supplemental.

Senator BYRD. Okay. You do not have to say to me, "You will have to ask him." I know how to ask the President a question.

Mr. BROWN. Yes, sir.

Senator BYRD. And I know how to ask agency heads questions. What will happen if you run out of money?

Mr. BROWN. We will have to start delaying projects.

ASSISTANCE TO FIREFIGHTER GRANTS

Senator BYRD. Recently, the U.S. Fire Administration released a report that concluded that only 13 percent of the fire departments are trained and equipped to deal with biological, chemical or radiological weapons. With this striking weakness in the ability of our first responders to respond to a known threat, I am disappointed to see that the President's fiscal year 2004 budget proposes to cut grants to fire departments from $745 million to $500 million.

I am disappointed by the fact that the administration has continued to represent its $3.5 billion proposal for first responders as an adequate level, when it in fact provides no more resources than that enacted in fiscal year 2003 for similar programs.

Given that your agency identified the weakness in firefighting programs, do you believe that the President's request is adequate?

Mr. BROWN. What we are trying to do, Senator, is to make certain that through the Assistance to Firefighters Grant Program, we get the money to where it is most needed, where there is the greatest risk.

One of the things I have talked about is that we need to take the funds we get from Congress and the Administration for the fire program, and make sure that they are used as wisely as possible.

One way I am trying to do that is to get the different fire departments to stop competing against one another, particularly when they are located close to one another or when there is some way that they can cooperate on a regional basis to better utilize taxpayer dollars.

I often use my home State of Colorado as an example. There is no reason why Denver, Boulder and Fort Collins, all located right together on the front range, should each be applying for the same equipment. What they should do is get together and figure out what their vulnerabilities are, then apply for funding based on cooperative resolution of those vulnerabilities.

I think that is a better way for the fire departments that are inadequately prepared to get the equipment that they need.

The $3.5 billion funds the grant programs that award monies for training and equipment to combat terrorism. The purpose for which the funds are requested to be used is one of the factors considered in the peer review process to decide who should or should not be getting a grant.

Senator BYRD. So I take it that you do not believe that the President's request is adequate?

Mr. BROWN. There will always be more requests than available funds. For example, Senator, with the current $750 million appropriation for the firefighter grants, we have well over 20,000 applications in the pipeline representing almost $2 billion worth of requests.

Senator BYRD. Do I have any more time? Are you——

Senator COCHRAN. Can we move to these others, and come back to you?

Senator BYRD. Yes. Let us do that. Thank you.

Senator COCHRAN. Thank you, Senator.

Senator Craig.

Senator CRAIG. Well, thank you very much, Mr. Chairman. I will be brief. I do not have any detailed questions, but, Mr. Secretary, I thank you for being before this committee. I am telling you as a member of the Senate, I am one who—while I supported and will support Homeland Security as an agency and worked with everyone here to get it stood up and operating from, at least, a legal and structural point of view and a policy point of view, I was one of those that was concerned that FEMA get buried and not be as effective as I believe it has been over the last good number of years.

It is one of those agencies that I think did have the credibility in the turn-around time and did not get caught up, it seemed, in so many ways that other agencies seem to as it related to getting to its mission at hand and executing it.

I hope that does remain the case. We will continue to work closely with you on it in serving on this new committee. I am anxious to work with the chairman to make sure all of that happens, at least from the funding side that which is appropriate.

I also do not believe in backing so much money up you cannot get it out the door. I also recognize that sometimes it is important, even in critical times, that folks stand in line and wait just a little bit. It makes them a bit more efficient in the current operations and—but I will tell you that the fire money that comes to our departments across rural Idaho and across Idaho itself has been very, very effective, and I think put to use wisely and appropriately. And it has made those departments more responsive under the new responsibilities we are giving them. They are obviously going to need some help in developing the expertise necessary, so these grants are important. Thank you.

Thank you, Mr. Chairman.

Mr. BROWN. We thank you for those compliments, Senator. I appreciate that.

Senator COCHRAN. Thank you, Senator Craig.

Senator Kohl.

HOMELAND SECURITY ADVISORY SYSTEM

Senator KOHL. Thank you very much, Senator Cochran.

Mr. Brown, the current terror alert system, as it is intended to do, is causing people to be considerably alarmed and to come to attention, as well as causing considerable expense inevitably across many parts of our country. At a time when budgets are squeezed, a higher alert status has, in many cases, resulted in an increased overtime and anxiety.

Many areas of our 50 States are beginning to not take the system seriously enough, because they believe that the threat does not apply to them. This alert system could easily turn into the boy who cried wolf in that people will not take it seriously enough until it is too late.

What changes to the system is the Department considering and can we, in fact, expect changes in the future?

Mr. BROWN. I think Secretary Ridge has addressed that by trying to emphasize that the color-coded system is really geared toward the law enforcement and professional communities to give them an

idea of where they need to be in their states of readiness. And I would use FEMA, again, as an example of what to do. We are trying to get States and locals to adopt a similar type of program.

We have in our operations manual the different steps we would take at the different threat levels. Rather than implement every single one of those steps, we implement what is important based on the particular threat. We do this so that we do not have just these huge operational expenses for everything, but only for what we specifically need based on the threat.

What we would like to do is educate the State and locals to do the same thing, that whether they ratchet up completely or not is something that they can certainly do on their own. But they should consider ratcheting up only as it applies to the particular threat and to what is needed in their particular community.

As Secretary Ridge continues to push down the idea that the alert system is for the professionals, I think we will avoid your concern about crying wolf.

Senator KOHL. Well, what I was referring to is any code. Let us take the second highest, which I believe is—is that code orange?

Mr. BROWN. Yes.

Senator KOHL. Yes. Well, when we issue a code orange alert, are we intending that every community in every State across the entire 50 States are at the same level of risk and should respond?

Mr. BROWN. When the Secretary and the Attorney General make the decision to change the threat level, they are doing that based on specific intelligence that they receive——

Senator KOHL. Yes.

Mr. BROWN [continuing]. About the threat. And I would say, Senator, that based on the intelligence that the Secretary and that the Under Secretaries have received that caused the threat level to go up to orange, there is a very credible threat out there. I think it is incumbent upon us to convey that to the State and local governments as succinctly and as appropriately as we can.

Senator KOHL. What we are asking them to do is go, all—asking then all parts in all 50 States to go on an alert, and to do those things and spend that kind of money, which is consistent with the code orange——

Mr. BROWN. Yes, sir.

Senator KOHL [continuing]. Are we suggesting that Rawlings, Wyoming is at the same level of risk as Washington, D.C. and New York City?

Mr. BROWN. No. But I think where I am miscommunicating is what Rawlings, Wyoming, should do. Let us say there are 40 items that you can do at Code Orange. Rock Springs or Rawlings or some place in Wyoming instead ought to decide that they are going to do only 2 or 3 of those things, because they do not need to do all 40 of them. So they can hold down their costs by implementing that kind of system.

Senator KOHL. And so then you are suggesting that every community should make a decision?

Mr. BROWN. Absolutely.

Senator KOHL. Well, then would Los Angeles make a decision or can—are they in a position to make a decision any less than Washington, D.C. or New York?

Mr. BROWN. If I——

Senator KOHL. Because—in other words, what I am suggesting to you—and it is okay because you are just starting, or we are just starting as a country and we need refinement. It seems to me that there needs to be considerable thought, as I presume and hope will be given, and some specific direction and guidance so that all States and communities within all States can be helped to make particular and specific decisions on what these alert systems really mean and how they should be applied and how they do not apply in many cases. In fact, you know, most parts of America are very unlikely to be hit in time of terrorism.

And I have not yet heard from the Department an understanding and a recognition of that as some kind of an alert system that will account for the fact that most parts of our country are really at low risk even at times of high risk.

Mr. BROWN. Your point is very well taken, and I think it is incumbent upon FEMA, which is now part of the Department, to take its protocols and the way we decide what we should be doing or should not be doing and help the State and locals do the same thing, by giving them the tools they need to prepare based on the risk that they may face in their unique community. As you say, there may be a community that looks around and says, "Our risk really is a dam that might be blown up. So when we change threat levels we need to focus our energy on that particular vulnerability." They might not need to do everything that FEMA suggests should be done when we go from one level to another.

TRAINING GRANTS

Senator KOHL. Thank you. Last question: As you know, State and local governments are struggling with budget cuts. Many are also working with reduced staffs because of call-ups of the Guard or Reserve; and add to this the seemingly constant elevated security alert level at times, and the Governments are struggling with skyrocketing overages, overtime costs, local and State Governments, associated with our new security threat.

As a result, many fire departments and emergency managers are not sending their people to training, because those extra hours mean even more overtime and overtime that they are not in a position to account for.

So my question is, will the Department allow the use of training grants to reimburse for overtime?

Mr. BROWN. Senator, I think I will be corrected or somebody will kick me in the chair if I say this incorrectly, but I am pretty certain that we are restricted from using the grant money for overtime. I think what we want to do instead is to try to get as much of that grant money out to the localities as possible for "train the trainer" programs. By doing so, we can push the training down to the State and local levels and not require them to go some place else for the training. I think that would help alleviate part of that problem.

Senator KOHL. Well, I think what you are saying is true, and that is what I am referring to. I am suggesting that because those training grants cannot be used for overtime——

Mr. BROWN. Right.

Senator KOHL [continuing]. And because overtime is being expended, so I am asking—and they do not have the money to compensate for that overtime——

Mr. BROWN. That is correct.

Senator KOHL [continuing]. So that they do not send their people in many cases to these training programs, which you definitely want them to do.

Mr. BROWN. That is right.

Senator KOHL. They cannot pay for it.

Mr. BROWN. That is right.

Senator KOHL. So aside from, you know, throwing up your hands and saying, "Well, you will just have to make do the best you can with these increased emergency problems and training problems," which is not something we want to do, how else are they going to pay for this overtime——

Mr. BROWN. Well——

Senator KOHL [continuing]. Use some of this training money. You know, maybe you would suggest, well, you can use 20 percent of it or 10 percent or 5 percent, not all of it, but something that would give the States and the local governments access to some additional funding to pay for the training that is being required.

Mr. BROWN. Right. I mean, you are absolutely correct. And absent that statutory ability to do that, then what we do is try to push the training down to them to minimize and mitigate the cost of that overtime.

Senator KOHL. Say that again.

Mr. BROWN. To the extent that we have some statutory relief, which would allow us to do that——

Senator KOHL. Yes.

Mr. BROWN [continuing]. What we do in the alternative is to push the training down to the State and local levels, take it as close to that recipient as possible to minimize the amount of overtime that they have to incur in order to receive the training.

I mean, we could consider that in the 2004 grants, but we cannot do it in the 2003 grants.

Senator KOHL. Thank you.

Thank you, Mr. Chairman.

Senator COCHRAN. Thank you, Senator Kohl.

Senator Murray.

NATIONAL STRATEGY ON TRAINING

Senator MURRAY. Thank you very much, Mr. Chairman.

And Mr. Brown, thank you for being here today. I think the training we do for first responders is extremely important. I think we need to do everything we can to better prepare our communities for natural disasters or terrorist acts or whatever, you know, is out there. And I know that several directors within the Department are working on the training issue. I have talked to Secretary Ridge about this as well.

Last year, there was a lot of talk about the importance of developing a national strategy on training, and I am curious what happened to that national strategy, if you can give us an update on that.

Mr. BROWN. That is still in the works. That is one of the things that EP&R is taking on within the Department to develop. Just like we are trying to develop and put together the national response plan, we are also trying to put together a national training program at the same time.

Senator MURRAY. But we have not developed a national strategy on training as of yet?

Mr. BROWN. Not yet.

Senator MURRAY. How can——

Mr. BROWN. We still have the training programs within FEMA that will be transferring; and we are now trying to develop those kinds of strategies across all directorates.

Senator MURRAY. Well, how do we know what an appropriate level of funding is unless we know what the national strategy is on that?

Mr. BROWN. I am not sure I am equipped to answer that for you, Senator.

Senator MURRAY. Well, we will be having to make a decision on this committee on how much to put into training. And unless we know what the national strategy is it is——

Mr. BROWN. Right.

Senator MURRAY [continuing]. Going to be difficult to do.

Mr. BROWN. I will be happy to take that back and formulate an answer for you.

HAMMER TRAINING AND EDUCATION CENTER

Senator MURRAY. Okay. Last year, Mike Byne visited my home State of Washington to see the HAMMER Training and Educational Facility that is located in Richland, Washington. That is a training facility that is used by FEMA already. It is used by the Department of State, the Marine Corps, Army National Guard, Department of Energy, local law enforcement. It is an excellent facility. Can you give me an update on what the administration's consideration of HAMMER is for training purposes?

Mr. BROWN. We want to take all of the assets that we have in Homeland Security and expand those. We have not only Emmitsburg, we have the Noble Training Center. We have your facility in Washington. We want to take all of those and enhance them as much as possible, because I believe, and I think departmentwide we all agree, that whatever facilities we currently have we must expand and make them as efficient as possible and utilize them as best as possible.

Senator MURRAY. Do you have a timeline for when you will be making those decisions; and, again, I ask because we are going to have to be making some decisions about funding and management that we need to move forward on. So do you have a timeline on when you would?

Mr. BROWN. Okay. I am told that the timeline is now out to the States for them to look at to see what kind of timeline they need. There is apparently some money in ODP now, for them to develop what they want to do with the facility.

Senator MURRAY. So are the States going to be responsible for the training, or is your agency?

Mr. BROWN. We would be responsible for providing the money. But the training is actually done at the State and local levels.

Senator MURRAY. Well, the HAMMER Facility is a national facility. It is not just Washington State. It is for training for nationally.

Mr. BROWN. We have to confess we are not familiar with that one and all the programs in it, but we will look into it.

Senator MURRAY. Well, if you could, and if you could talk to Mike Byrne, because he had been out—but we cannot just say Washington State, you are going to do HAMMER.

Mr. BROWN. Right.

Senator MURRAY. It is a national training facility. It is going to take Federal funds. And we need direction on that.

Mr. BROWN. Yes, we will find out.

COMMUNITY EMERGENCY RESPONSE TEAMS

Senator MURRAY. Okay. In your testimony you talked about Community Emergency Response Teams, the CERT, which I was happy to hear you reference, because I know that that is a very valuable program for training.

I recently spoke with some of the emergency management facilities—officials actually from my State about CERT, and I got to tell you the answer I got from the ones in my State reinforces to me that the Federal Government is not doing enough in this area to prevent another attack on our country. I was told that Washington State got $70,000 for CERT training from FEMA in 2002, and amazingly the State only recently got approval from the Department to spend the fiscal year 2002 money on training.

You—we are here today to talk about the 2004 budget. Can you explain to me why the 2002 money is just now going out the door?

Mr. BROWN. That money, Senator, was from the supplemental in August, so that is maybe why it is just now hitting the streets.

Senator MURRAY. Well, actually, my State was supposed to get $70,000 from the 2002 budget, FEMA 2002 budget——

Mr. BROWN. Yes.

Senator MURRAY [continuing]. For CERT training. They just got approval from the Department right now to spend that 2002 money. So I am just wondering what—you know, why it is taking so long. This is from 2 years ago. It was not from the supplemental.

And my next question was going to be what about the 2003 money. Are you getting that out the door? I heard Senator Kohl talk about training and using some of that money for overtime; and I would just caution us that if the money is not getting out there for training, it is not that it is not needed for training. It is just for some reason there has been some bureaucratic hang-ups in getting it out there.

Mr. BROWN. Well, I am determined to go back and find out why, because we have an excellent reputation of getting the money out the door. I want to find out specifically why this money has taken longer than normal to distribute.

Senator MURRAY. I would——

Mr. BROWN. I will find out and get that answer back to you.

Senator MURRAY. Because I think those training dollars are extremely important, right?

Mr. BROWN. I could not agree more.

Senator MURRAY. Okay. Thank you.

Thank you, Mr. Chairman.

INTEROPERABLE COMMUNICATIONS

Senator COCHRAN. Thank you, Senator Murray.

When we were considering the supplemental appropriations bill, Mr. Secretary, in the Senate, money was added for the Emergency Preparedness and Response Directorate's disaster relief account for interoperable communications. I wonder if you could tell us if in the conference report we do make these funds available, whether they can be spent in this fiscal year.

Mr. BROWN. Senator, I have discussed that with the staff, and they assure me that we can get the interoperability funds out by the end of this calendar year. The firefighter grants will be out by the end of the fiscal year 2004.

Senator COCHRAN. How does the agency plan to deal with the fact that the budget request for 2004 does not include any funding for interoperable communications equipment within your directorate's account? But it includes it within the Office for Domestic Preparedness. How is this going to be resolved?

Mr. BROWN. We will provide ODP with program support or whatever it takes to help them, one, get the money out the door; and, two, to use it effectively.

Senator COCHRAN. Yes. Well, I assume then that other agencies within the Department can obtain the use of funds that are appropriated to the Office for Domestic Preparedness for this purpose. Is that your understanding?

Mr. BROWN. That is my understanding.

OPERATION OF EMERGENCY RESPONSE AND SUPPORT TEAMS

Senator COCHRAN. In the response division, you talk about gaining operational control—your directorate having operational control over three teams, the Domestic Emergency Support Team from the FBI, the National Disaster Medical System from the Department of Health and Human Services, and the Nuclear Incident Response Teams from the Department of Energy. How is this going to work? Will these teams essentially remain under the jurisdiction of their departments as they now exist, but simply receive funds that are allocated to them through the Department of Homeland Security?

Mr. BROWN. Well, it is a mishmash. Generally, the operational control of those different teams falls under Emergency Preparedness and Response. So, for example, the Nuclear Incident Response Teams, we will deploy those as needed. But the training and the money to fund and manage those will actually come from the Department of Energy.

Then you take the Domestic Emergency Support Team from the FBI. Again, we deploy it, but there is no money that comes over with it from the FBI. We have not yet quite figured out how we would actually deploy it and find the money to manage that deployment.

Regarding the National Disaster Medical System (NDMS), we have entered into a memorandum of agreement with HHS to have operational control of it, but to rely upon HHS again for the man-

agement and—what is the word I am looking for—to manage and——

Oh, right. Okay. I am being corrected. I am talking about the Strategic National Stockpile. In terms of the Stockpile, we do have the operational control of it, and we do have an agreement with HHS.

Back to the NDMS, we would deploy the Disaster Medical Assistance Teams in it but they do not come with any sort of money to manage or train or do anything in particular with them. We would have to enter into an MOA or MOU with HHS to do that.

Senator COCHRAN. And the NDMS is the National Disaster Medical System, right?

Mr. BROWN. That is correct. Those are the DMATS and the DMORTS.

PROJECTS BIOSHIELD AND BIOWATCH

Senator COCHRAN. Well, this fits in with what we have become familiar with as project BioShield. You referred to BioWatch in your statement. Is this the same thing, or are these two different things?

Mr. BROWN. Two different things.

BioShield is the President's $900 million proposal for the creation of the experimental or the new vaccines, and BioWatch is the program by which we are trying in several selected places to implement new monitoring and detection systems.

Senator COCHRAN. What will the role of your directorate be with respect to BioShield if it is enacted?

Mr. BROWN. We will simply act as the middle man and at some point NIH and CDC would come to us and say we think we have a product here.

On the other side, we would say we have identified a specific threat, a specific biothreat that needs to be addressed, and we would marry those two up. We would actually simply act as the middle man, the contract and the funnel for the money.

STRATEGIC NATIONAL STOCKPILE

Senator COCHRAN. Well, in terms of your relationship with the Department of HHS, will Homeland Security have the final decision-making authority over what goes into the National Pharmaceutical Stockpile?

Mr. BROWN. This is the National Pharmaceutical Stockpile, which is now called the Strategic National Stockpile. And we will rely on HHS's expertise to tell us what needs to go in there.

Senator COCHRAN. Well, will they decide what comes out or how you get access to——

Mr. BROWN. No. We will do that.

Senator COCHRAN. You will decide that.

Mr. BROWN. We will control the operations and deployment of the stockpile.

Senator COCHRAN. Yes. Well, does your directorate have the expertise to make these decisions, do you think?

Mr. BROWN. I think we do, in terms of the deployment and the response, because we have the National Disaster Medical System on our team now, thus we have already had meetings with the Sur-

geon General about creating within Emergency Preparedness and Response a medical advisory team for that very specific purpose.

Senator COCHRAN. Thank you very much. I am going to yield to others on the committee now for any other questions they may have and I may have a few in conclusion.

Senator Byrd.

FLOOD MAP MODERNIZATION

Senator BYRD. Thank you, Mr. Chairman.

West Virginia has suffered immeasurably from flooding and other natural disasters. My home State is under a disaster declaration right now due to flooding. The West Virginia Flood Prevention Task Force, which I convened, has identified strengthening the floodplain management program as the most effective way to stop the vicious cycle of repetitive flooding in West Virginia.

One of the most important tools to floodplain management is to have accurate, up-to-date flood maps. Last year, Congress appropriated $150 million to the Flood Mapping Program at FEMA. This was the largest appropriation to the Flood Mapping Program in its history.

But by your own estimates, it will cost $950 million to modernize all flood maps in the country, so it is important that these funds be targeted to the communities that are most at risk. I believe that flood map modernization funds should be targeted to the most flood-prone communities. And in the past, FEMA has administered the flood map modernization program by a population-based formula. Can you tell the subcommittee how you plan to administer the fiscal year 2003 and 2004 funds?

Mr. BROWN. Yes, Senator, I can. I would say that I think the task force and the effort that your State is making is commendable. We wish we could get all States to recognize that if they could get together and start doing that kind of planning, it would help us do our job even better.

We are currently doing a modernization on a strategy that was developed by a stakeholders meeting on February 5 and 6 of this year. It is based on high-population density, high-growth areas, high-risk areas; but most importantly, history of repetitive loss claims and what the policy base is, plus the ability to leverage and cost-share with the State and locals.

So while population density is important, we are trying at the same time to weigh that against the high-risk and high-prone areas.

Senator BYRD. Are you saying that you will be moving from a population-based formula for funding this program? You will be moving away from that?

Mr. BROWN. No. Population is just one criterion now.

Senator BYRD. Yes. The West Virginia Flood Prevention Task Force concluded that 18 full-time staff would be needed to properly implement flood plain management activities. But, the State can only afford to pay for one full-time staff. How would you ensure that you do not penalize States that desperately need flood-mapping resources, but whose financial straits hinder their sophistication?

Mr. BROWN. Because we want to look, Senator, at where the flood maps need to be done first based on that—those different criteria. We are not going to penalize a State simply because they may not be, for example, like North Carolina, which has a very robust program, versus a State that cannot afford to do a whole lot. We want to do it where it is going to have the most effect in terms of getting the maps out the door.

Senator BYRD. Given West Virginia's history of flooding and how outdated its flood maps are, this is a very important program to the State. The West Virginia Senate and the West Virginia House passed resolutions in January of 2003 calling on FEMA to expedite the process of updating West Virginia's flood insurance rate maps.

In the past, FEMA has used the population-based formula to distribute the flood-mapping funds. That approach does not take risk into account. This hurts States like West Virginia that are small in population, but they are at disproportionate risk of flood damage.

I understand that you intend to change the way the program is administered and take risk into account, is that correct?

Mr. BROWN. That is correct. We also increased the State funding for State flood plain management to $1 million in fiscal years 2002 and 2003. So there should be additional resources coming for that purpose.

Senator BYRD. Very well. So, you do intend to take risk into account?

Mr. BROWN. That is correct.

Senator BYRD. All right. Thank you.

Mr. Chairman.

Senator COCHRAN. Thank you, Senator Byrd.

Senator Harkin, we welcome you as a member of our subcommittee.

Senator HARKIN. Thank you.

Senator COCHRAN. You may proceed with any questions or statements you might have.

FOOD SAFETY

Senator HARKIN. Thank you, Mr. Chairman. I have no statement, Mr. Chairman, just two little points that I would like to be able to get a response on, Mr. Brown.

And one is food security. We have talked about this. I have talked about it with Secretary Ridge. And from my—my standpoint on the Agriculture Committee and just looking, I do not see a lot really being done there. I do not know what kind of plans are being made. Maybe they are. I just—I just do not know about them. But, you know, we have so many entry points for contamination of our food supply in this country.

And I know that if it were caught, it might—you know, if something—if somebody worked to invade the food supply at one of these entry points, they probably—because of the system we have set up—it probably could be contained fairly rapidly.

However, it is the psychological impact that happens when something gets in the food supply like that, and God forbid some people die of that, what happens to the rest of this country? Because as you know, some food—let us say a meat or a meat product could

enter at some point—just a couple three points, and it could be all over the United States in the next 24 hours the way the delivery system is right now.

And yet we still continue with the same basic system that we have had for a long time. And I just want your response as to whether you think this is being due—given due consideration at the—at your department.

Mr. BROWN. I think that it is. I mean, I do not know that much about it, simply because it is something that is not in my area.

Senator HARKIN. Yes.

Mr. BROWN. But I do know that APHIS falls now under Border and Transportation Security and that Under Secretary Hutchinson is taking it very, very seriously.

But I would like to comment on a point that you made about the terror aspect. I think the mitigation factor is one important thing that FEMA brings to the table in the Department of Homeland Security. When terrorists do something, they are looking for two effects. They are looking for the immediate effect their act has, such as blowing up something or killing people.

Senator HARKIN. Yes.

Mr. BROWN. But beyond that, they are looking for the terror that act imposed, and the disruption in the economy, or society that it causes.

FEMA, I think, is well placed to mitigate those effects. If you take a natural disaster or a manmade disaster, whether it be the chemical truck that spills over accidentally or spills over on purpose because of a terrorist incident, to the extent that we can train firefighters and other first responders to minimize the effect of that chemical truck spilling over, we have taken away one of the tools of the terrorists.

Senator HARKIN. All right.

Mr. BROWN. We have mitigated against that.

Senator HARKIN. Correct.

Mr. BROWN. I want to emphasize that is the same attitude that I know Under Secretary Hutchinson takes when he is addressing the bioterror aspects of food and other agricultural products.

FLOOD MAP MODERNIZATION

Senator HARKIN. The second part is probably maybe a little bit more in your area, but I wanted to get that in about the food supply. I will every time we have a hearing on this.

And I do not know if Senator Byrd asked—I heard him talk about flooding in West Virginia, but in the—did you mention in the 2003 appropriations bill, we had put in $150 million in additional funds for flood plain mapping. And the need for updated maps has been a long-term need across the country, and when will those funds be released? Was that the question that was asked? I do not know if that was asked. If it was not, I would like—if it was——

Mr. BROWN. Yes. Right. The Senator referred to the additional $150 million.

Senator HARKIN. Well, when will the funds be released?

Mr. BROWN. We now have a process in place. I have learned a lot just in the past couple of weeks about panels and how we are putting different panels together around the country——

Senator HARKIN. Yes.

Mr. BROWN [continuing]. And then implementing this strategy of defining the population, the risk areas, where the repetitive losses are occurring, prioritizing those and starting to get the funds out.

The funds are going out in two different mechanisms. They are either going directly to the States which already have their own programs, or to private companies which have their own programs, so I think the funding has already started in terms of modernizing those maps.

Senator HARKIN. Well, I was not aware of that.

Mr. BROWN. I am also told that those particular funds have not been released from OMB yet. We have the strategy in place, but the funds have not been released.

Senator HARKIN. Okay. Well—and no time when, huh? And also will the funds be allocated nationally so that each region can meets its highest needs? What kind of—do you know anything about the allocation of those funds?

Mr. BROWN. Yes. It is going to be.

Senator HARKIN. Okay.

Mr. BROWN [continuing]. When I outlined the strategy to Senator Byrd earlier, that was done with the stakeholders' input and they have outlined on a national basis how we start this. We jump start it all over the country.

Senator HARKIN. Thank you very much, Mr. Brown. Thank you.

Thank you, Mr. Chairman.

Senator COCHRAN. Thank you, Senator.

Senator Byrd, do you have any additional questions?

EMERGENCY FOOD AND SHELTER PROGRAM

Senator BYRD. Thank you, Mr. Chairman.

I would like to ask a question about the Emergency Food and Shelter Program. It has been well run, well managed by FEMA. Now that FEMA has moved to the new department, the President has proposed to move the program to the Department of Housing and Urban Development.

Could you state what the rationale for moving a program that had been effectively administered by FEMA to HUD may be?

Mr. BROWN. The administration's position was that the Emergency Food and Shelter Program was really not quite in sync with the traditional role of FEMA, and more appropriately belonged in Housing and Urban Development.

Senator BYRD. And Congress specifically chose to keep the program in FEMA in the fiscal year 2003 omnibus appropriations bill and rejected the President's proposal to move the program to HUD. Are you committed to implementing the program in fiscal year 2003?

Mr. BROWN. Absolutely, Senator. If it stays with FEMA, we will continue to implement it. If it moves, we will do everything in our power to assist HUD in keeping that same high-level standard of operation.

Senator BYRD. Well, I hope that the program does not fall through the cracks at the Department. It is a popular program in our communities. And it helps to address the growing crisis of homelessness.

INTEGRATION OF FEMA INTO DHS

I have one more comment, then one more question, Mr. Chairman.

In the past, the vast majority of FEMA's activities have been in preparation for and in response to natural disasters. FEMA is an all-hazards agency. But like many other Federal agencies since September 11, FEMA has provided increased resources to responding to terrorist threats.

What steps are you taking within the new Department to make sure that your new agency's ability to respond to natural disasters is not affected by its integration into the Department of Homeland Security?

Mr. BROWN. A couple of things, Senator. First of all, I want to just state for the record that I am absolutely personally committed to making certain that we do not lose that capability and that approach.

But to specifically give you some examples of how we are doing that, first and foremost, in the realignment that I am taking FEMA through right now, we are realigning it along the traditional lines of emergency management—preparation, response, recovery, and mitigation. Those will be the four main functions of this particular directorate.

I think it is important, secondly, that you understand that I am going to do everything in my power to maintain our relationship with State and local governments. I think you have heard Director Albaugh say this, and I think Secretary Ridge has said it. I want to repeat it, that when there is an emergency, they do not dial 202, they dial 911.

The people who respond are the State and local governments. We must continue to keep them in the loop and recognize that they are the first responders. Those are the ones that we have to make certain are prepared and know how to respond.

I cannot resist giving the example of the barge that started burning in New York Harbor a few months ago and there was a feeling that we ought to go do something, when, in fact, it was a simple barge fire. I mean, not to minimize the effect of a barge fire, but it was a barge fire in New York Harbor, and it is something that the State and locals are trained to respond to and which they did quite well.

We must maintain that focus. FEMA's focus must be on responding when something is beyond the State and local capability.

Senator BYRD. Well, there has been a great deal of concern that State and local preparedness for natural disasters could be impacted adversely by the integration of FEMA into the new Homeland Security Department. In my own case, I am very conscious of the natural disasters that occur so often, coming from a mountainous country as I do, and having experienced so many times over these past 50 years, Mr. Chairman, responding to communities that have been stricken in those flood-prone valleys; and having responded by seeking appropriations for water resources projects, reservoirs, and so on. My constituents and I are very concerned about this.

The Homeland Security Act instructs FEMA to maintain its all-hazards focus. But, the threat of terrorism and the Department's emphasis on it could overshadow the emphasis on natural disasters. I have been comforted by the responses given by Mr. Brown to my questions.

EMERGENCY RESPONSE AND SUPPORT TEAMS

You have not requested funding for the National Domestic Preparedness Office, the Domestic Emergency Support Teams, or for the Metropolitan Medical Response System; but your directorate is responsible for administering these programs. How will you pay for them?

Mr. BROWN. We are currently going through a process of analyzing what is actually in the budgets of those particular programs in the other departments, and seeing what we can get out of those departments to help fund those.

PRE- AND POST-DISASTER MITIGATION

Senator BYRD. Will pre-disaster mitigation and disaster relief activities suffer in your judgment?

Mr. BROWN. No, sir. They will not.

Senator BYRD. What makes you think that?

Mr. BROWN. Because I think that the State and locals recognize that pre-disaster and post-disaster mitigation are both viable programs, and that in either direction we go, pre-disaster or post-disaster, we can minimize the effects of disasters. If we do it pre-disaster, we can do it based on our longstanding understanding of where the risks are, of encouraging the States to come in with plans, with the best mitigation programs for their States and for their risks.

If we do it post-disaster, we will continue to do the same thing we have done in the past, to go into a place where it has been hit hard, where there is the motivation to do mitigation programs. Either way, we can make it work.

Senator BYRD. Thank you, Mr. Secretary. I want to help you when I can.

And I want to thank you, Mr. Chairman, for having a good initial hearing. I think it has been a good one. You have been most fair. I appreciate the time you have allotted me to ask questions.

Senator COCHRAN. Thank you, Senator Byrd. We appreciate your being here today and contributing to the hearing in the way that you have, as well.

SEVERE ACUTE RESPIRATORY SYNDROME

Mr. Secretary, earlier today, I attended a hearing of the subcommittee that appropriates money for the Department of Labor, Health and Human Services, and we had before the committee the heads of the National Institutes of Health and the Centers for Disease Control and Prevention. Dr. Gerberding, who is the head of CDC, answered some questions, a few of which I asked, about this Severe Acute Respiratory Syndrome (SARS) virus that is scaring everybody from China to Mississippi and West Virginia. People are concerned about it, and they are fearful about what the con-

sequences could be and how widespread it is going to be and who all is going to be affected and what we can do about it.

And the medical community, of course, is talking about precautions that ought to be taken, and she responded to some questions on that subject. My question is what is the interaction that you expect to occur between the Centers for Disease Control and your directorate in the investigation of sudden disease outbreaks such as this?

Mr. BROWN. I think we have already established a very good precedent. When SARS initially broke out three or four weeks ago, we had conference calls—I believe it was a Saturday or a Sunday—where we started immediate interaction with them. Do we need to deploy anything from the stockpile? What do we need to do in terms of responding at all?

I think we have already established those great lines of communication.

Senator COCHRAN. Does this relationship relate to both terrorist activity, bioterrorism, as well as naturally occurring virus outbreaks such as SARS? Is this handled in any different way between you and the Centers for Disease Control?

Mr. BROWN. No. I think SARS is a good example of the biomedical programs and material that are coming into FEMA. It shows that we are able to respond and communicate regardless of what the source of the disease or the outbreak is; and that we are willing to open those lines of communications and discuss what is appropriate for the response.

Should FEMA and EP&R be doing something? Should the CDC or NIH be doing something? I think it is just a good precedent we started with the SARS outbreak.

EMERGENCY MANAGEMENT PERFORMANCE GRANTS

Senator COCHRAN. Yes. Let me ask you about another subject, the Emergency Management Performance Grants. This is a program that was funded in fiscal year 2003 in the amount of $165 million, which was $49 million over what was requested by the President. But in this budget request, there is no money being proposed, as I understand it. Are we missing something? Is it somewhere else in the budget and we just cannot find it, or is there no request for the Emergency Management Performance Grant program? Do you know?

Mr. BROWN. I have not found it, Senator, and I think that we need to recognize that the Emergency Management Performance Grants are something that is vital to State and local governments for them to operate and maintain their emergency operation centers and their staffs. I just think it is a very important program. We very much appreciate the additional money you gave us.

Sixty percent of the $165 million is already out the door.

Senator COCHRAN. Yes. Well, it seems to me that this program could contribute significantly to the challenge of securing our homeland, because these funds are used by local governments, as I understand it, to improve the capacity of State and local emergency management systems to function in times of emergency and in first responder situations.

Do you share my views of the importance of the program and that it could be very useful in helping to secure our homeland?

Mr. BROWN. I think it is very good for State and local governments, yes.

DISASTER RELIEF FUND

Senator COCHRAN. My last concern is that you mentioned earlier there was a shortfall in funding of the Disaster Relief Fund. That is a little troubling to me; because this last weekend, when I was in Mississippi on my way back to Washington, there were a lot of thunderstorms throughout our State, the mid-part of Mississippi. It was under thunderstorm warnings for the better part of the afternoon, and a tornado hit Meridian, Mississippi. And I was headed north to fly out of the northern part of the State.

But my question is, if funds are needed for assisting local governments like that and you say there is a shortage of funding for the Disaster Relief Fund, I am worried that if we do not put something in the supplemental, we are going to be neglecting our responsibilities to these local governments.

You pointed out how there were funds in the pipeline. There were needs out there and that OMB might be called upon to reallocate or do something to make up the shortfall. My question is, are supplemental appropriations required at this time for the Disaster Relief Fund? There is no request for the funds. What is the supplemental appropriation requirement?

Mr. BROWN. Senator, if you wanted to go back to the historical traditional funding of the Disaster Relief Fund, it would probably be somewhere in the ballpark of, I think, $1.4 billion.

It would be $1.4 billion to get us back up to where we were.

Senator COCHRAN. That is in addition to what has already been spent in this fiscal year?

Mr. BROWN. Correct. That is correct.

Senator COCHRAN. Well, I thank you very much. I think your responses and your enthusiasm for the challenges of this job are reassuring, certainly to me, and I think we are in good hands with you serving as Under Secretary of this Department's Emergency Prepardness and Response Directorate, as it is now called.

I remember when James Lee Witt came before the Governmental Affairs Committee. He came up for confirmation, and he had been a local office holder in Arkansas. President Clinton had named him as his first administrator of FEMA. And he came by to make a courtesy call to talk about what he could expect and what would be asked of him, and what he needed to prepare to do at his confirmation hearing. And he was really kind of nervous about the whole prospect.

He had seen things on TV that had scared him about what could happen to you in hearings like that. But I could tell right away he had the kind of disposition and commitment that was probably going to equip him to be an excellent administrator.

And as it turned out, well, he handled himself very well at that hearing. I just said, "Be yourself. Do not worry about it. Just try to be as direct and candid with your responses as you can. Nobody is going to be out to embarrass you. They all understand that you have never been at a hearing like this." And he did perform well.

And he performed well as an administrator, because he really sincerely cared about the people that needed help from that Federal agency. And I think we have been blessed over time with a lot of people like him. Joe Albaugh was like that. He really wanted to make sure that when people needed help from the Federal Government, from his agency, they were going to get the help they needed.

And he was personally out there seeing that they got it. And I think you are that same kind of person too. And I am pleased to see you serving in this position, and I wish you well. And you can be assured that our committee is going to support you and try to help you do your job and to do it well.

Senator BYRD. Mr. Chairman, I wonder if the Secretary feels the $1.4 billion that he said is needed to bring it up is necessary. Does he feel it is needed? Does he feel that the supplemental should carry that?

ADDITIONAL COMMITTEE QUESTIONS

Senator COCHRAN. I do not want to answer his question again for him, but he said yes.

Senator BYRD. He did?

Senator COCHRAN. Yes.

Senator BYRD. I did not hear him say yes.

Senator COCHRAN. Well, he did.

Senator BYRD. Did he?

Senator COCHRAN. Is that what you said?

Mr. BROWN. Yes, sir.

Senator BYRD. Okay. I do not have any hearing aid.

Okay. I—did you say yes?

Mr. BROWN. Yes, sir.

Senator BYRD. Okay.

[The following questions were not asked at the hearing, but were submitted to the Department for response subsequent to the hearing:]

QUESTIONS SUBMITTED BY SENATOR THAD COCHRAN

ALL-HAZARDS APPROACH

Question. Please explain the steps you are taking to ensure those non-homeland security functions within the Emergency Preparedness and Response directorate are being preserved.

Answer. The Emergency Preparedness and Response Directorate was created to ensure that the Department maintains its ability to respond to emergencies and disasters of all types. The Directorate is composed of the primary disaster response, recovery, mitigation, and preparedness programs formerly provided by the Federal Emergency Management Agency.

While terrorism requires immediate and direct attention in the present environment, our core mission is to provide leadership and support to reduce the loss of life and property, and to protect our Nation's institutions from all types of hazards through a comprehensive, risk-based, all-hazards approach. The Emergency Preparedness and Response Directorate continues to take an all-hazards approach to preparedness, response, mitigation, and recovery, and we continue to work with State and local governments, as well as the first responder community, to this end. This consolidation of national response assets allows the Federal Government not only to provide the services that the American people have become accustomed to during emergencies and disasters and which existed prior to the establishment of the Department, but also enhances our ability to maximize Federal resources, streamline delivery processes, and focus programs and assets on State and local needs.

However, we are not resting on our past achievements. We will be working with the Congress, other Federal partners, State and local leaders, and other affected stakeholders to continue to enhance our ability to respond effectively to all types of disasters.

The focus of the disaster programs formerly within FEMA was one of an all-hazards approach. The all-hazards approach remains the focus and benefits from the more global perspective of the Department and its related components.

Question. How has Operation Liberty Shield and the increased needs associated with elevating the terrorist threat level to orange affected the non-homeland security functions of Emergency Preparedness and Response?

Answer. The Emergency Preparedness and Response Directorate's Response Division maintains the ability to monitor, analyze, and respond to situations resulting from any type of incident. Our response programs are designed in an all-hazard manner to allow for timely and effective response to emergencies and disasters. With the realignment of Federal response assets into one centralized operational component, this capability is enhanced.

With Operation Liberty Shield, we have experienced increased costs associated with the protection of our facilities, as well as with enhanced operational readiness. At the same time, we have also maintained a more robust monitoring and assessment operation in support of the Department's overall activities.

INTERNAL REORGANIZATION

Question. Where are you in the process of internal reorganization? When can we expect to receive notice of the changes you are making?

Answer. The Emergency Preparedness and Response Directorate has been assertively pursuing internal reorganization as an effective means of supporting the DHS mission and commitment to the American public as well as the President's Management Agenda. Under Secretary Brown has met individually with senior leadership/management of the Directorate to discuss internal strategic goals, related priorities, and proposed restructuring designed to enhance capabilities and effectiveness linked directly to the overall DHS mission.

The Emergency Preparedness and Response Directorate is finalizing its realignment plan, which integrates the Federal disaster response, recovery, mitigation and preparedness assets. Our main focus during this process has centered on taking a careful look at the effectiveness of existing programs, the processes necessary to fully integrate disaster response programs from other Federal agencies, and meeting the President's direction to establish a National Incident Management System while maintaining full mission readiness to respond to emergencies and disasters regardless of origin.

We expect to initiate this realignment in the near future, but achievement of the full realignment may not realized until later this year in order to ensure that we maintain our capabilities during the upcoming hurricane season. Pending the official realignment of operations within the Directorate, we will be working to affect the immediate aligning of personnel to meet mission critical requirements and maintain our response readiness capabilities.

Question. Will the Department seek to change the account structure for Emergency Preparedness and Response to reflect this reorganization? Would it be beneficial to restructure the accounts?

Answer. We have no plans to change the appropriation account structure beyond what has already been proposed in the fiscal year 2004 Budget. However, as we realign our organization, we may change the budget activity breakdown that is shown within an account for the fiscal year 2005 budget request.

ASSISTANCE TO FIREFIGHTER GRANTS

Question. Can you explain why the fiscal year 2004 budget request shifts the Assistance to Firefighter Grants program from FEMA to the Office for Domestic Preparedness?

Answer. Financial assistance to States for State and local first responder terrorism preparedness is being consolidated through the Office for Domestic Preparedness. For years, States and localities have asked for a one-stop shop for grants. The proposal to shift grants for first responders, including those for firefighters, to ODP will accomplish this goal. This shift will also allow these grants to be more focused on terrorism preparedness and better integrated with other State and local funding priorities. However, key aspects of the current program, peer review of competitive funding proposals and direct grants to fire departments, will be retained in ODP. The move to ODP will enhance program coordination with DHS' first responder programs, which is the key goal of the move.

Question. What concerns do you have regarding this shift in the administration of such an important grant program?

Answer. We believe that ODP will ensure that the program maintains its high level of efficiency and cost effectiveness. EP&R looks forward to working closely with ODP to make sure that this program will succeed in enhancing the terrorism preparedness of our Nation's firefighters.

Question. What has been the demand for these grants?

Answer. In its first year (when departments were allowed to submit two applications) the program received grant requests from about 18,980 departments totaling approximately $3 billion. In fiscal year 2002 (when only one application per department was allowed), the program received requests from approximately 19,550 departments totaling $1.9 billion in Federal dollars. This year, the program received more than 19,950 requests totaling approximately $2.1 billion. However, it should be noted that most major Federal grant programs receive more funding requests than they can fund.

INTEROPERABLE COMMUNICATIONS

Question. When can we expect to receive a plan for how the $25 million for interoperable communications equipment will be allocated? Please give us an update on your progress.

Answer. The implementation of the fiscal year 2003 interoperable communications equipment grant program will be coordinated between the Department of Homeland Security and the Department of Justice, Office of Community Oriented Policing Services (COPS); both departments received funding in fiscal year 2003 for interoperable communications equipment grants, with the direction to coordinate their efforts. In the fiscal year 2003 Consolidated Omnibus Appropriation, EP&R received $25 million for this purpose, and COPS received $20 million (out of this, $5 million will go to the National Institute of Standards and Technology (NIST) and $3 million to the National Institute for Justice's AGILE Program).

We are aware that Congress has expressed interest in providing additional funds for interoperability communications as part of the Wartime Supplemental. If additional funding is provided, we believe it would be advisable to run a single application process for all 2003 funds. We will work with COPS to provide an allocation plan as soon as possible.

Question. Have you obligated any of the $25 million that was appropriated for fiscal year 2003?

Answer. No. All COPS and EP&R funding for interoperability will be awarded through a coordinated process which includes peer review. Grant awards will be made in the fourth quarter of the fiscal year. EP&R and COPS anticipate that awards will range from $50,000 to $2 million per proposal, and expect the funds to be distributed in September.

Question. How does the agency plan to address this issue in fiscal year 2004, since no funding was requested in the Emergency Preparedness and Response budget?

Answer. The funding that will be awarded in fiscal year 2003 through the coordinated COPS/EP&R effort will provide funding to jurisdictions across the Nation for demonstration projects that will explore uses of equipment and technologies to increase interoperability among the fire service, law enforcement, and emergency medical service communities. These demonstration projects will illustrate and encourage the acceptance of new technologies and operating methods to assist communities in achieving interoperability.

Once technology is proven and accepted, standards will result that will serve as the basis for future communication equipment purchases. We anticipate that in future years, all equipment that would be purchased by the first responder community would meet the requirements of the standard. Funding for this equipment may be provided through the $3.247 billion in first responder grants in the Office for Domestic Preparedness. Over the last few years, approximately 17 percent of ODP grant funds has been used for communications equipment. If this average holds true in fiscal year 2004, the result will be a nearly four-fold increase in the interoperability funding.

Question. How will FEMA continue the implementation and operation of the systems put in place with the funding provided in fiscal year 2003 if no funding is provided in fiscal year 2004?

Answer. While there is a maintenance financial obligation associated with all equipment purchases, the Administration believes Federal grant funding should be focused on enhancing and improving communications, not maintaining current investments. The funding available in fiscal year 2003 will be used to demonstrate the technologies and operating methods that will best assist communities in achiev-

ing interoperability. Office for Domestic Preparedness grant funds can support additional enhancements, but maintenance of these systems is largely a State and local responsibility.

Question. Does the Department of Homeland Security anticipate developing a system that allows other agencies from within the Department to access funding for interoperable communications through the Office for Domestic Preparedness?

Answer. The Department of Homeland Security does not anticipate developing a system that allows other agencies from within the Department to access funding for interoperable communications. The purpose of this funding is to allow local governments and first responders to demonstrate interoperable communication equipment to help DHS benchmark an acceptable standard. Federal agencies' interoperability needs should be addressed as part of their ongoing equipment acquisition process.

MITIGATION DIVISION

Question. Please give us an update on the implementation of the two pre-disaster mitigation grants and flood map modernization.

Answer. The fiscal year 2003 Omnibus appropriations bill provided $149 million to the National Pre-Disaster Mitigation Fund to initiate a competitive grant program for pre-disaster mitigation planning and projects for State, Tribal, and local governments. Such hazard mitigation plans and projects will reduce overall risks to the population and structures and, in the long term, will reduce reliance on funding from disasters declared by the President.

As part of the fiscal year 2003 appropriations, EP&R was directed to provide grants of $250,000 to each of the 50 States and five other recognized entities for hazard mitigation planning, for a total allocation of $13.75 million. The Notice of Availability of Funds for the planning grants was published on March 3, 2003. Applications are due to EP&R by April 30, 2003.

EP&R currently is putting in final form the fiscal year 2003 guidance for the competitive Pre-disaster Mitigation (PDM) Grant Program, with an emphasis on factors such as cost-effectiveness, States' priority ranking, technical feasibility, and consistency with other Federal programs.

EP&R is also finalizing the guidance for the Flood Mitigation Assistance (FMA) Program for fiscal year 2003. As in prior years, EP&R will award planning, technical assistance, and flood mitigation project grants under the FMA program. For fiscal year 2003, we have established (as a national priority) mitigating repetitive flood loss properties, insured under the National Flood Insurance Program, through the PDM and FMA programs.

EP&R's fiscal year 2003 appropriations included $149 million for Flood Map Modernization. In March, program staff met with key stakeholders to finalize the approach for the inaugural-year implementation. In April, the synopsis for a performance-based management contract was published. The implementation strategy for this initiative includes an emphasis on partnering with Federal, State, and local organizations to accomplish three things: 1. Leverage Federal and other public funds; 2. Increase local capability to produce and maintain flood and other hazard data; and 3. Facilitate data management by those who will benefit most from the information.

The National Flood Map Modernization strategy will be implemented through two approaches. The first approach focuses on highest-risk areas, as identified by our State and local partners, immediately supporting our goal to reduce losses of life and property. Highest risk areas are those with high growth, high population, and a history of significant flood losses. We are investigating the feasibility of basin-wide studies to take advantage of economies of scale in these areas. The second approach involves capitalizing on areas that have data that can be quickly and efficiently leveraged into usable flood hazard data.

Question. What has been the response to date for pre-disaster mitigation grant applications?

Answer. The Notice of Availability of Funds (NOFA) for the planning grants was published on March 3, 2003. Applications are due to EP&R by April 30, 2003.

EP&R is currently finalizing guidance for the competitive Pre-disaster Mitigation (PDM) Grant Program and the Flood Mitigation Assistance (FMA) Program. Applications for the competitive PDM will be due 90 days after the publication of the NOFA, and we expect to begin awarding PDM grants in September 2003.

Since the FMA funding is 2-year funding, applications will be accepted from the date of publication of the fiscal year 2003 guidance until March 2004. We expect to award FMA grants beginning in July 2003.

While none of the application periods for the various grants has closed, we have received numerous inquiries and expect States to actively pursue grants through these programs.

Question. What are the funding needs to continue these initiatives in fiscal year 2004? Is the President's budget request sufficient to meet these needs?

Answer. In fiscal year 2003, Congress provided $20 million for the Flood Mitigation Assistance Program (FMA), $149 million for the Pre-disaster Mitigation (PDM) Grant Program, and reduced the standard formula for the Hazard Mitigation Grant Program (HMGP) from 15 percent to 7.5 percent. The increase in the PDM program for fiscal year 2003 offsets the reduction in the HMGP, based on average annual HMGP funding levels.

For fiscal year 2004, the President's budget proposes a level of funding similar to that provided in fiscal year 2003, with a total of $300 million proposed for the FMA and PDM programs combined. The FMA and PDM programs provide a significant opportunity to raise awareness of risks, and reduce the Nation's disaster losses through risk assessment and mitigation planning. These programs will permit the implementation of pre-identified, cost-effective mitigation measures before disasters occur. Examples of these measures include establishing disaster-resistant building codes, and retrofitting structures to protect against wind, seismic, or flood hazards.

The Administration is requesting $200 million in Flood Map Modernization funding for fiscal year 2004. Multi-year funding is needed to update the entire national flood map inventory to digital format.

RESPONSE DIVISION

Question. Which functions (budgets, personnel, daily operations, etc.) of the Domestic Emergency Support Team, the National Disaster Medical System and the Nuclear Incident Response Teams transferred from the Federal Bureau of Investigation, the Department of Health and Human Services and the Department of Energy to the Department of Homeland Security (DHS)? What is meant by operational control?

Answer. The National Disaster Medical System's (NDMS) operations, budgets, and authorities have been transferred into the DHS. DHS and the Department of Health and Human Services (HHS) have entered into a memorandum of understanding that provides the basis for HHS continued administrative support for personnel, procurement, finance, and other administrative systems until these functions can be moved to DHS or beginning in fiscal year 2004, whichever is sooner. HHS continues to support the personnel system used for the activation of approximately 8,000 civilian volunteers. Although the personnel system continues to reside within HHS, this has not adversely affected the readiness of the NDMS. The NDMS legislative authorities (Public Law 107–188) transferred to DHS, and the Under Secretary for Emergency Preparedness and Response became the head of NDMS. For NDMS, operational control means managing the System on a day-to-day basis, including authority to activate and deploy, and to direct and manage response teams when they are deployed to an incident. DHS is also responsible for the strategic development of the response teams.

The Domestic Emergency Support Team (DEST) is a multi-agency response element. The operational control of the DEST transferred from the FBI to DHS on March 1st. While each agency supplies their own personnel and equipment to the DEST, DHS has assumed the administrative and logistical responsibilities for the team.

All program management responsibilities for the Nuclear Incident Response Teams, including budgeting, staffing, training, equipping, strategic planning, and maintenance, remain with the Department of Energy. The responsibility for establishing standards, certifying accomplishment of those standards, conducting joint and other exercises and training, evaluating performance, and providing funding for homeland security planning, exercises and training, and equipment is now the responsibility of the Department of Homeland Security.

The emergency response assets of the Department of Energy's National Nuclear Security Administration (NNSA) will deploy at the direction of the Secretary of Homeland Security, through the Under Secretary for EP&R, with the exception of the regional Radiological Assistance Program (RAP) teams, which retain the authority to self-deploy. While deployed, the emergency response assets fall under the operational control of the Secretary of Homeland Security for the length of the deployment. Operational control is the authoritative direction over all aspects of nuclear/radiological operations and provides the authority to perform those functions of command and control over the response assets involving planning, deploying, assigning tasks, designating objectives, and giving authoritative direction necessary to

accomplish the mission. Operational control provides full authority to organize the deployed assets as the Secretary of Homeland Security, through the Under Secretary for EP&R, or his designee, considers necessary to accomplish assigned missions. It does not, in and of itself, include authoritative direction for logistics or matters of administration, discipline or internal organization. All operational functions will be coordinated through the Under Secretary for EP&R or his designee, and will be consistent with current Presidential Decision Directives, Executive Orders, and interagency contingency plans. All deployed assets will support the designated Lead Federal Agency and the On-Scene Commander.

Question. Will the three teams essentially remain at their current departments but receive funding through the Department of Homeland Security?

Answer. The Emergency Preparedness and Response Directorate is undertaking the integration of these programs within the overall Federal response structure to ensure that these programs are mission capable to operate within the National Incident Management System. As such, the Department will fund these programs to mission capability standards. We will also be looking for ways to achieve cost savings during this process. The integration of these teams, as well as the capabilities of the Urban Search and Rescue Teams, offers the Federal Government the overall capability to meet emergency and disaster requirements in a more efficient and effective manner.

Question. Do you foresee any obstacles in this arrangement to the successful operation of these vital systems?

Answer. The integration of operations, personnel and assets will present challenges, but it will also create opportunities for enhancement of programs and processes to better meet the needs of our clients.

Question. What will the Emergency Preparedness and Response role be with respect to BioShield if enacted into law?

Answer. The DHS role with respect to BioShield, if enacted, will be to: assess current and emerging threats of use of chemical, biological, radiological or nuclear agents; to determine which of such agents present a material risk of use against the population; and to act as a prudent manager of any funds made available through the BioShield authority. The Emergency Preparedness and Response role would be to ensure the timely inclusion of items procured through Project BioShield into the Strategic National Stockpile, and in cooperation with HHS, to ensure that Federal and State partners are well equipped to receive and distribute allotments of these new countermeasures, as necessary.

The SNS will be able to maintain and deploy the innovative/new medications and vaccines that become available under Project BioShield. NDMS medical response teams will be able to utilize any new or innovative vaccines and medications in their response to the event.

Question. Does the Department of Homeland Security have final decision making authority over what products go into the stockpile, and what products will be dispensed from the stockpile?

Answer. No. Under the law, the Department of Health and Human Services (HHS) is responsible for determining the content and quantity of items that go into the SNS. DHS, however, is responsible for working with HHS to provide the intelligence assessments of the risks of specific threats that the content of the SNS must address. DHS is also responsible for funding the SNS, which gives it the fiduciary responsibility to ensure that funds spent on additions to the SNS are used appropriately. DHS does have final decision making authority over the products that the SNS releases.

The Director of the NDMS will participate in workgroups that provide assistance in the development of the formulary for our response teams to have the necessary information about the medications and vaccines in the SNS in order to provide the most effective response.

Question. If the Department has the authority, does it have the medical expertise to make these decisions?

Answer. The Department's Strategic National Stockpile, housed in the Centers for Disease Control and Prevention (CDC), identifies treatment protocols for specific threats and works closely with public and private subject matter experts in medicine, emergency response, public health and other disciplines to define the most efficacious and cost effective items for protecting the American public.

Subject matter experts within HHS, DHS, DOD and other Federal agencies provide expertise in formulary development and oversight. The SNS also includes nationally recognized law enforcement, scientific, and medical experts from the non-Federal civilian sector to assist with the review of the SNS formulary.

Question. Based on the development maturity and production readiness of the needed vaccines and medications in the next 18 months, can the Department effectively and efficiently spend such a large amount of funds in one fiscal year?

Answer. If the vaccines and medications are available, we will be able to purchase appropriate pharmaceuticals including vaccines, antitoxins, and antibody enhancing drugs. However, production constraints may result in the delivery of these items over a multi-year period.

Question. How many different vaccines and medications actually will be ready for Department of Homeland Security purchase in the next 18 months, and what is the cost estimate for each?

Answer. There will be continued procurement of currently produced smallpox vaccine (Acambis) and anthrax vaccine (BioPort), as well as heptavalent and pentavalent botulinum antitoxin that will be produced in the next 6–18 months (Cangene). In addition, two new vaccines are expected to be ready for procurement through project BioShield within the next 18 months. These include a new-generation anthrax vaccine, as well as a new smallpox vaccine. The costs of the new-generation vaccines are not yet available, but a working group is meeting regularly, and determining costs is one of their top priorities.

Question. Please provide for the record a detailed statement demonstrating for each vaccine and medication its development maturity and production readiness and how that status supports obligation of specific funding amounts in fiscal year 2004.

Answer. Initiatives to support the intermediate-scale advanced development of rPA and MVA vaccines are planned for late fiscal year 2003 and early fiscal year 2004 respectively. These initiatives may include collection of preclinical and clinical data, such as: production and release of consistency lots; formulation, vialing and labeling of vaccine; development of animal models in at least two species to support the FDA animal rule; process, assay and facility validation; and clinical evaluation in initial phase II trials.

For next-generation recombinant Protective Antigen (rPA) anthrax vaccine, two candidate products are in early product development. Preclinical data for this vaccine are expected to be submitted between July 2003 and September 2004, and clinical data are expected to be submitted by March 2004. The estimated date for completion of this phase of the rPA vaccine project is June 2004. For next-generation Modified Vaccinia Ankara (MVA) smallpox vaccine, two candidate products are in early product development. Preclinical data for this vaccine are expected to be submitted between July 2003 and September 2004, and clinical data are expected to be submitted by June 2004. The estimated date for completion of this phase of the MVA vaccine project is September 2004.

Question. Mandatory spending can reduce Congress's oversight and visibility into a program and its ability to determine appropriate funding levels. Why did the Department seek these funds through mandatory spending instead of through annual appropriations?

Answer. As demonstrated by the support shown by Congress in passing the Bioterrorism bill last year, Members have demonstrated their support for expediting the progress in acquiring drugs and vaccines to protect our citizens from bioattack. The Administration proposes this permanent, indefinite authority to allow the government to purchase a vaccine or medication as soon as experts agree it is a safe and effective means of protecting the American people against a serious threat from bioterrorism. This authority will also serve to assure potential manufacturers that if they can create a safe and effective product needed to counter bioterrorism threats, the government can purchase it. The Administration recognizes that this is an extraordinary request designed to meet an extraordinary threat, and will continue to work with Members and the relevant Committees to demonstrate the checks and oversight embedded in this proposal. The Administration's intent is to accelerate the production of urgently needed countermeasures, not to circumvent Congressional oversight.

Question. What information can the Department of Homeland Security provide the Subcommittee to demonstrate that mandatory spending and not annual appropriations is required to effectively accomplish this program?

Answer. It is clear that the pharmaceutical and biologics industry need incentives to engage in R&D, testing, and manufacture of countermeasures to biological and chemical threat agents. The President announced Project BioShield—a comprehensive effort to develop and make available modern, effective drugs and vaccines to protect against attack by biological and chemical weapons or other dangerous pathogens. Specifically related to the question, the proposed legislation for Project BioShield will ensure that resources are available to pay for "next-generation" medical countermeasures. The proposed legislation creates a permanent indefinite funding authority to spur development of medical countermeasures. This authority will en-

able the government to purchase vaccines and other therapies as soon as experts believe that they can be made safe and effective, ensuring that the pharmaceutical and biologics private sector devotes efforts to developing the countermeasures. The Secretary of Homeland Security and the Secretary of Health and Human Services will collaborate in identifying critical medical countermeasures by evaluating likely threats, new opportunities in biomedical research and development, and public health considerations. Project BioShield will allow the government to buy improved vaccines or drugs for smallpox, anthrax, and botulinum toxin.

Use of the proposed BioShield authority is currently estimated to be $5.6 billion over 10 years. However, under the proposed authority, funds would also be available to buy countermeasures to protect against other dangerous pathogens, such as Ebola and plague, as soon as scientists verify the safety and effectiveness of these products.

Question. What is the interaction between the Centers for Disease Control and the Emergency Preparedness and Response Directorate in the investigation of a sudden disease outbreak, such as Severe Acute Respiratory Syndrome?

Answer. EP&R monitors the status that CDC provides as it investigates sudden disease outbreaks such as Severe Acute Respiratory Syndrome. Should the outbreak threaten to overwhelm the ability of State/local government's ability to deal with it, EP&R will deploy the SNS and/or rapidly mobilize the support of multiple Federal agencies under the Federal Response Plan. EP&R may also activate the National Disaster Medical System (NDMS). CDC and EP&R are seeking an even closer working relationship to enhance coordination with the SNS via an MOU.

EP&R personnel participated in a number of teleconferences with CDC and HHS during the early stages of the investigation. Involvement from the SNS occurs on a daily basis. Additionally, medical personnel from the EP&R NDMS section review the daily CDC updates on SARS, and interact with personnel from HHS on a regular basis.

Question. Does this relationship change based upon the determination of the origin of a sudden disease outbreak (i.e. naturally occurring or terrorist related)?

Answer. No, the relationship would not change. Generally, HHS is the lead Federal department in health emergencies, irrespective of whether those emergencies are caused by terrorist attacks, natural disasters, outbreaks, or technological accidents. HHS responds through its public health agencies and resources, including CDC, the Health Resources and Services Administration, and the Food and Drug Administration. EP&R would also respond to both naturally occurring and terrorist health-related emergencies with the SNS and NDMS. If the President were to declare a major disaster or an emergency under the Stafford Act, EP&R, as the lead consequence management agency would assume overall responsibility for coordinating the Federal response. HHS, however, is the Federal lead under the Emergency Support Function for health (ESF 8).

EMERGENCY MANAGEMENT PERFORMANCE GRANTS

Question. Please explain why funding for Emergency Management Performance Grants was not included in the President's fiscal year 2004 budget request.

Answer. The Emergency Management Performance Grants are consolidated into the President's fiscal year 2004 budget request for first responder grants in the Office for Domestic Preparedness. This reflects the Administration's belief that State emergency management and homeland security planning should be integrated with State-level homeland security efforts. Within the $3.6 billion request for ODP, approximately $150 million will be allocated to non-personnel costs previously covered by EMPG, including State and local strategic planning and development of all-hazard operations plans. Personnel integral to the administration and planning necessary to build sufficient Federal plans and capacity are consistent with meeting Federal responsibilities and will be supported. Personnel directly meeting the important daily requirements of a State or local government are expected to be supported at that level of government.

Question. Is consolidation of the Emergency Management Performance Grants into ODP an indication that this administration is choosing to focus more on the homeland security aspects of the new department and less on the non-homeland security responsibilities. What is your view regarding the Emergency Management Performance Grants?

Answer. The Emergency Management Performance Grants are being consolidated with other grants within Department of Homeland Security to provide "one-stop" shopping for first responders. While the emergency management offices within the States have relied heavily on the EMPG grants for years for all hazards capabilities,

the fiscal year 2004 Budget emphasizes that these funds should be focused on enhancing current capabilities, not supplanting State personnel costs.

QUESTION SUBMITTED BY SENATOR TED STEVENS

USE OF ORGANIZED LABOR

Question. Are efforts being taken by the Department of Homeland Security to include organized labor in the planning of emergency preparedness and response efforts?

Answer. The Emergency Response Directorate of the Department of Homeland Security is always looking for opportunities to improve planning for emergency preparedness and response efforts. EP&R has worked closely with various organizations in our emergency preparedness and response activities and plans to continue these relationships as part of the Department of Homeland Security.

QUESTIONS SUBMITTED BY SENATOR ROBERT C. BYRD

DISASTER RELIEF FUND

Question. Please provide the most recent accounting of balances in the disaster relief fund.

Answer. As of May 23, the unobligated balance in the Disaster Relief Fund for non-terrorist related events was $445 million. Unallocated funds totaled $281 million. Both of these amounts reflect the fact that the President released $250 million in emergency contingency funds on May 22, 2003.

Question. According to the Emergency Preparedness and Response budget justifications, there was $3.9 billion in outlays from the disaster relief account in 2002, which is, on average, $325 million per month. Should OMB make the remaining balance in the contingent emergency fund available this year, how much more will the Department need to get through fiscal year 2003, assuming an average weather year?

Answer. Supplemental funds for the Disaster Relief Fund will be required. The Administration is reviewing estimates of requirements and will notify Congress formally once the requirements are known.

SEPTEMBER 11 RESPONSE

Question. Congress appropriated $8.798 billion to FEMA for response to the September 11, 2001 attacks on New York City. Have all of these funds been obligated? Please provide an accounting of expenditures.

Answer. No, $6.4 billion has been obligated as of May 21. Another $1 billion for Debris Removal Insurance is pending enabling legislation by the New York State legislature to allow the City of New York to create a captive insurance company or other appropriate insurance mechanism to allow for claims arising from debris removal. In addition, $90 million for Ground Zero Health Responders Health Monitoring is pending completion of an Interagency Agreement with the Centers for Disease Control and Prevention. The remaining $1.3 billion is reserved for ongoing Human Services, Hazard Mitigation, and Public Assistance Programs. In accordance with the Consolidated Appropriations Resolution, 2003, remaining funds may be used for non-Stafford Act costs by New York City and New York State "associated with" the 9/11 attacks. At this time, it appears that between $750 million and $1 billion of the $1.3 billion not yet obligated or earmarked will be available for this purpose.

Question. There is currently $1,024,785 left in EP&R's September 11 response account. How will these funds be spent? Are these the funds that can be used for non-Stafford Act funding? If not, describe the estimates and plans for use of non-Stafford Act funds.

Answer. Currently, EP&R estimates that there will be between $750 million and $1 billion available for non-Stafford Act projects "associated with" the 9/11 event. The final amount will not be known until EP&R, New York State, and New York City complete the expedited close-out process by the end of June 2003. Both New York City and New York State have submitted lists of non-Stafford Act projects for funding consideration, and EP&R is drafting Project Worksheets for all of the projects requested, with the understanding that actual grant awards will only be made up to the amount of funding available.

Question. Within the $8.798 billion appropriated to FEMA, $2.75 was for repair to transportation systems. How many funds total are available for transportation

system repair in New York, i.e. Department of Transportation, Metropolitan Transit Association, PATH? Of the EP&R amount, how much has been expended? Please detail past expenditures and any known plans for remaining funds. What is the current estimate for projects that New York is pursuing for transportation infrastructure damaged on September 11?

Answer. The primary funding amounts available for transportation system restoration in Lower Manhattan include: EP&R ($2.75 billion), Federal Transit Administration (FTA) ($1.8 billion), Metropolitan Transportation Authority (MTA) (up to $1.5 billion—insurance), Port Authority (up to $1.5 billion—insurance). In addition, there are indications that the Lower Manhattan Development Corporation may commit a portion of the remaining ± $1 billion of the Department of Housing and Development's (HUD) Community Development Block Grant (CDBG) funds for transportation system improvements. None of the EP&R funds has been expended to date. EP&R has transferred its $2.75 billion to FTA through an Interagency Agreement, and FTA is currently working with the MTA and Port Authority to develop grant agreements for the initial projects. There is no single definitive estimate for New York transportation improvements for damaged infrastructure related to 9/11. The core projects, i.e., PATH station, new MTA terminal, Pedestrian Concourse, Highway 9A, South Ferry Station, and Port Authority Bus Terminal, are estimated to cost nearly $5 billion. Additional projects being contemplated to provide a direct rail connection between Lower Manhattan and the Long Island Railroad, JFK International Airport, and Newark Liberty International Airport may cost several billion dollars more depending upon the final alternative's selected.

Question. Of the $8.798 billion appropriated for post September 11 FEMA activities in New York, $100 million was made available for the individual assistance program for new air filtration systems. Please provide the committee with a status report in light of reports that the program was being used fraudulently by some individuals. What steps has EP&R taken to ensure that the program is being used properly? How many people have dropped out of the program? How many funds have been returned? How will EP&R administer remaining funds?

Answer. To date, nearly $100 million of Federal funding has been obligated to fund the New York State-administered Individual and Family Grant program with grants going to more than 110,000 families. Although program implementation is the responsibility of New York State, EP&R has instituted an aggressive media outreach and home inspection program to reduce fraud. As a result, approximately 101,000 applicants (45 percent) have withdrawn from the program. The amount of funds returned to date is approximately $1.5 million; however, this figure includes returns due to incorrect addresses and postal errors, which cannot be easily separated out from funds returned by applicants. In addition, this amount represents only voluntary returns to date. New York State and EP&R are just beginning a comprehensive recoupment process to recapture funds not expended in accordance with programmatic guidelines. The $100 million is a program estimate, and it appears that all of the funds will be expended by the time that New York State completes grant processing; however, if there are funds remaining at the end of the program, the balance will be reallocated to be used for other eligible purposes.

BIODEFENSE COUNTERMEASURES

Question. The Department requests $890 million for permanent indefinite authority for biodefense countermeasures. EP&R budget justifications indicate that the government will be able to "pre-purchase critically needed vaccines or medication for biodefense as soon as experts agree the vaccines and mediations are safe and effective enough to place in the SNS." Who are these "experts"? And what is the process by which drugs will be tested for safety and effectiveness prior to being placed in the SNS? How will EP&R coordinate its activities with the Center for Disease Control?

Answer. The experts referenced in the budget justification include researchers, scientists and doctors at the National Institutes of Health (NIH), who would have the flexibility to seek outside expertise, make special purchases, and face other management challenges that can be barriers to quick progress in converting basic scientific discoveries into usable products.

Furthermore, the Department's Strategic National Stockpile Program, operated in coordination with the Centers for Disease Control and Prevention (CDC), utilizes clinically accepted treatment protocols for specific threats and works closely with public and private subject matter experts in medicine, emergency response, public health, and other disciplines to define the most efficacious and cost effective items for protecting the American public.

Subject matter experts within the Departments of Health and Human Services (HHS), Homeland Security (DHS), and Defense (DOD), as well as in other Federal agencies, are routinely requested to provide expertise in formulary development and modifications to a variety of threat agents. The SNS Program also utilizes scientific and medical subject matter experts from the non-Federal civilian sector to assist with the review of the SNS formulary.

HHS is responsible for determining the content and quantity of items that go into the SNS. DHS is responsible for working with HHS to provide the intelligence assessments of the risks of specific threats that the content of the SNS must address. DHS is also responsible for funding the SNS and making final decisions over the products that the SNS releases.

Use of a drug prior to licensure—a so-called Investigational New Drug—has many safeguards built into it, including informed consent and extensive follow-up monitoring. These are important provisions, but in a crisis, they could prevent the drug from being made available in a timely fashion to all the citizens who need it.

The emergency use authority is very narrowly focused and targeted: only drugs under the direct control of the U.S. government could be used, and only after certain certifications had been made. All use would be voluntary. This emergency authority provides:

—The Director of the National Institute of Allergy and Infectious Diseases with the increased authority and flexibility to award contracts and grants for research and development of medical countermeasures. Funding awards would remain subject to rigorous scientific peer review, but expedited peer review procedures could be used when appropriate.

—A finding by the Secretary of Health and Human Services, based on expert analysis by the Food and Drug Administration (FDA), that the treatment in question was expected to have benefits in the emergency situation that outweighed its expected risks.

—Greater flexibility in the FDA review process to meet the circumstances of specific terrorist threats. Unlike typical medical product approvals, the authority may be limited to particular types of medical providers, patients and conditions of use.

—A limited time period. It would remain in effect no more than 1 year, unless the specific terrorist threat justifies extension of the authorization, and the available evidence indicates that the countermeasure is providing important expected benefits.

CERRO GRANDE

Question. Please provide obligations and expenditures to date for Cerro Grande fires. How many claims have been received to date? How much has been requested in those claims? What are your best cost estimates of future need?

Answer. To date, EP&R has approved $437,150,000 in response to claims from the Cerro Grande fires and has expended $437,000,000. 21,512 claims for assistance have been received, 4,561 of which are subrogation claims that have been filed by insurance companies and those represent approximately $105,000,000. From the funds previously made available by Congress, EP&R also paid eligible mitigation claims to deter and prevent any future fire damage to property in the Los Alamos area. According to FEMA's fiscal year 2002 financial statements, audited by the Office of the Inspector General, the unfunded claim liability for Cerro Grande totaled approximately $127,000,000. Subsequent to the end of fiscal year 2002, the fiscal year 2003 Consolidated Appropriations Resolution provided an additional $89,415,000, leaving a shortfall of approximately $36,000,000.

EMERGENCY FOOD AND SHELTER

Question. How many staff administer the Emergency Food and Shelter program? From when an appropriation bill is signed into law, how long, on average, has it taken FEMA to get Emergency Food and Shelter program funds to the National Board?

Answer. The appropriation for the Emergency Food and Shelter Program does not provide for FTE. Staff administers the program as collateral duties. The law requires that once appropriated funds have been received by EP&R, they must be distributed to the National Board within 30 days. On average, EP&R has provided the funds to the National Board within 20 days of receipt of funding. HUD can meet the same programmatic requirements, so the transfer of EFS to HUD will not disrupt those operations.

U.S. FIRE SERVICE

Question. What steps is the Department taking to respond to findings in the National Fire Protection Association and FEMA's report "A Needs Assessment of the U.S. Fire Service?"

Answer. The findings of the December 2002 report, A Needs Assessment of the U.S. Fire Service, are used to help guide United States Fire Administration (USFA) program planning and funding decision-making. However, these findings are regarded as advisory, and not as formal Administration policy.

The following recent USFA initiatives specifically address issues identified in the assessment:

—The Assistance to Firefighters Grant Program has distributed funds targeted to firefighter operations, safety initiatives, new vehicle purchases, EMS training and equipment, and fire prevention programs.

—A Memorandum of Understanding has been signed to create Incident Management Teams in large metropolitan areas for large-scale emergencies and to ensure that highly qualified personnel are available for response throughout the Nation.

—Training at the National Emergency Training Center for fire and emergency management personnel has been expanded to address new developments and challenges in planning, response, and recovery from emergencies of all types and scope.

PRE-DISASTER MITIGATION

Question. In fiscal year 2003 Congress appropriated $149,025,000 to the Nation Pre-Disaster Mitigation Fund. Congress directed that each of the 50 States received grants of $250,000 for planning pre-disaster mitigation projects. The fiscal year 2004 budget proposed that these grants be made competitively. Why does the Administration request this change?

Answer. For fiscal year 2004, the President's budget proposed a level of funding similar to that provided in fiscal year 2003, with a total of $300 million proposed for the Flood Mitigation Assistance (FMA) and Pre-Disaster Mitigation (PDM) program combined.

Awarding grants on a competitive basis will ensure that the most worthwhile, cost-beneficial projects receive funding, such as, but not limited to, those containing properties insured under the National Flood Insurance Program that have suffered repeated losses and for which multiple claims have been paid. With the significant source of pre-disaster mitigation funding now available, we have an opportunity to implement a sustained pre-disaster mitigation program to reduce overall risks to the population and structures, while reducing reliance on funding from actual disaster declarations. Furthermore, the analysis required for a competitive process will raise awareness of risks and reduce the Nation's disaster losses through risk assessment and mitigation planning, and the implementation of planned, pre-identified, cost-effective mitigation measures that are designed to reduce injuries, loss of life, and damage and destruction of property from all hazards, including damage to critical services and facilities.

The fiscal year 2004 budget reflects a total shift to pre-disaster preparation and mitigation, with funds that are dedicated to pre-disaster mitigation, operating independently of the Disaster Relief programs, assuring that funding remains stable from year to year and, therefore, not subject to reliance on funding from actual disaster declarations.

QUESTIONS SUBMITTED BY SENATOR PATRICK J. LEAHY

OFFICE FOR DOMESTIC PREPAREDNESS

Question. How was it decided that the Office of Domestic Preparedness (ODP) would be placed in the Borders and Transportation Directorate and not in Emergency Preparedness and Response Directorate? Does this move create a split between preparedness for terrorism events and other types of disasters and emergencies?

Answer. The President's plan for the creation of the Department of Homeland Security placed the Office for Domestic Preparedness (ODP) with the Emergency Preparedness and Response Directorate. However, prior to passing the Department of Homeland Security Act, Congress changed the location of ODP to the Borders and Transportation Security Directorate.

Question. How will the transfer of FEMA's Office of National Preparedness to ODP affect FEMA's preparedness mission and programs?

Answer. The staff and terrorism-related functions of the Office of National Preparedness (ONP) have been consolidated into the Office for Domestic Preparedness, consistent with the intent of the Homeland Security Act. Consistent with a reorganization proposed by the Under Secretary, those "all-hazards" activities formerly associated with ONP will be transferred to a newly created Preparedness Division within EP&R.

2004 FUNDING LEVEL

Question. FEMA funding for fiscal year 2004 appears on the surface to be greatly increased in this budget, but a closer look shows that most of that funding goes to Bioshield and a few specific programs. Given that fact, how will FEMA cope with its new responsibilities when it will only be receiving level funding for traditional programs?

Answer. Funding was transferred to EP&R for its new responsibilities. In addition, some of FEMA's functions and resources related to first responders were transferred to other organizations with the Department of Homeland Security.

ASSISTANCE TO FIREFIGHTERS

Question. In the fiscal year 2004 budget request the President proposes that the Assistance to Firefighters grant program be transferred to ODP and away from the U.S. Fire Administration, which has managed it to date. What was the policy reason behind this proposal?

Answer. Financial assistance for State and local first responder terrorism preparedness is being consolidated through the Office for Domestic Preparedness. For years, States and localities have asked for a one-stop shop for grants. The proposal to shift grants for first responders, including those for firefighters, to ODP will accomplish this goal. This shift will also allow these grants to be more focused on terrorism preparedness and better integrated with other State and local funding priorities. However, key aspects of the current program, peer review of competitive funding proposals and direct grants to fire departments, will be retained. The move to ODP will enhance program coordination with DHS' first responder programs, which is the key goal of the move.

SUBCOMMITTEE RECESS

Senator COCHRAN. Well, Mr. Brown, thank you very much. You have been an excellent and cooperative witness. We appreciate it very much. We wish you well as you carry out your duties as Under Secretary of this directorate.

Our next hearing is going to be on Thursday at 2 o'clock in room 192 of the Dirksen Senate Office Building. Our witness at that time will be the Department of Homeland Security's Under Secretary for Science and Technology, Dr. Charles McQueary.

Until then, the subcommittee stands in recess.

[Whereupon, at 3:29 p.m., Tuesday, April 8, the subcommittee was recessed, to reconvene at 2 p.m. Thursday, April 10.]

DEPARTMENT OF HOMELAND SECURITY APPROPRIATIONS FOR FISCAL YEAR 2004

THURSDAY, APRIL 10, 2003

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

The subcommittee met at 2:35 p.m., in room SD–192, Dirksen Senate Office Building, Hon. Thad Cochran (chairman) presiding.

Present: Senators Cochran, Domenici, Byrd, and Inouye.

DEPARTMENT OF HOMELAND SECURITY

SCIENCE AND TECHNOLOGY DIRECTORATE

STATEMENT OF DR. CHARLES McQUEARY, UNDER SECRETARY

Senator COCHRAN. The hearing will please come to order.

Today we continue our review of the fiscal year 2004 budget request for the Department of Homeland Security. We will consider at this hearing the programs and activities under the Department's Science and Technology Directorate.

I am pleased to welcome the Under Secretary for Science and Technology, Dr. Charles E. McQueary.

The Science and Technology Directorate is one of four directorates that makeup the Department of Homeland Security. The Homeland Security Act of 2002 transferred certain research and development functions of the Department of Defense, the Department of Energy, and the Department of Agriculture to the Department of Homeland Security. These functions and activities that have been transferred are now under the jurisdiction of the Science and Technology Directorate.

For fiscal year 2004, the President's budget requests $803 million for activities of this directorate.

Mr. Secretary, thank you very much for submitting a prepared statement to the committee which we will print in full in the committee's hearing record. We invite you to make any statement and explanation of the budget request which you think would be helpful to the committee as we review the request for appropriations.

I am pleased now to yield to my friend from West Virginia, the distinguished Senator from West Virginia, Mr. Byrd for any statement he might have.

Senator BYRD. I do not have any opening statement. I will just reserve my time for questions. Thank you.

Senator COCHRAN. Thank you. Senator Inouye.

Senator INOUYE. Thank you very much, Mr. Chairman. I just wanted to come by and congratulate and welcome our new under secretary. May I request that questions be submitted?

Senator COCHRAN. Without objection, it is so ordered.

They will be submitted. Mr. Secretary, we hope you will be able to respond to those questions within a reasonable time.

Senator INOUYE. May I be permitted to leave? I have got some conference matters.

PREPARED STATEMENT

Senator COCHRAN. Of course, best wishes to you. I also ask that a statement submitted by Senator Craig be submitted in the record.

[The statement follows:]

PREPARED STATEMENT OF SENATOR LARRY CRAIG

I appreciated meeting with Dr. McQueary prior to his confirmation, to discuss use of Department of Energy national laboratories to implement the research agenda of the Department of Homeland Security. Prior to the creation of the Homeland Security Department, the national laboratories of the Department of Energy were already investigating many of these security challenges related to critical infrastructure protection, detection of dirty bombs, cybersecurity and sensors to detect chemical and nuclear materials. In my view, the Department of Homeland Security, through its Directorate for Science and Technology, should continue and expand this important work but it should not re-invent the wheel. In addition to saving money, using the Department of Energy national labs for this research will also serve the purpose of deploying these technologies into the field, and enabling them to protect us, sooner rather than later.

Senator COCHRAN. Mr. Secretary, you may proceed.

STATEMENT OF DR. CHARLES MCQUEARY

Mr. MCQUEARY. Thank you, sir.

Good afternoon Chairman Cochran, Senator Byrd, and Senator Inouye also, even though he has had to leave.

It is a pleasure for me to be here with you today to discuss the President's fiscal year 2004 budget request for the Department of Homeland Security's Science and Technology Directorate. Secretary Ridge has already testified and provided the Department's overall fiscal year 2004 budget request and the role expected of Science and Technology to make the Nation safer.

It is a great honor and a great responsibility to lead the science and technology efforts of this Directorate and the Department to meet the challenges of protecting our homeland and our way of life.

The most important mission for the Science and Technology Directorate is to develop and deploy cutting edge technologies and new capabilities so that the dedicated men and women who serve to secure our homeland can perform their jobs more effectively and efficiently and indeed, those men and women are my customers.

FISCAL YEAR 2004 PLANS AND MISSIONS

Our plans for fiscal year 2004 reflect this relationship and our desire to provide capability to the field as rapidly as possible.

Our mission is to conduct, stimulate, and enable research and development, test and evaluation, and timely transition of homeland

security capabilities to Federal, State and local operational end users.

The Information and Analysis Infrastructure Protection Directorate is supported by Science and Technology through our Threat and Vulnerability, Testing and Assessment and Critical Infrastructure Portfolios. In addition, the Science and Technology Directorate will support the mission needs of the Border and Transportation Security Directorate, the United States Coast Guard, the United States Secret Service, and the Emergency Preparedness and Response Directorate through coordinated and focused research and development programs.

Throughout the initial planning process for the Science and Technology Directorate we were guided by current and future threat assessments, our current capability to respond to that threat, and by the priorities spelled out in the President's National Strategy for Homeland Security.

SCIENCE AND TECHNOLOGY DIRECTORATE GOALS

Our goals are several and they are: develop and deploy state-of-the-art high-performance, low operating cost systems to prevent the illicit traffic of radiological and nuclear materials and weapons into the United States; provide state-of-the-art high-performance, low operating cost systems to rapidly detect and mitigate the consequences of the release of biological and chemical agents; provide state-of-the-art high-performance, low operating cost systems to detect and prevent illicit high explosives transit into and within the United States; enhance missions of the Department's operational units through targeted research, development, test and evaluation and systems engineering and development; develop and provide capabilities for protecting cyber and other critical infrastructures; develop capabilities to prevent technology surprise by anticipating emerging threats; and finally, develop, coordinate, and implement technical standards for chemical, biological, radiological, and nuclear (CBRN) countermeasures.

The threats to our homeland are many. We must constantly test and assess our threats and vulnerabilities, develop new or improved capabilities to counter these threats, and mitigate their effects should an attack occur. Our program must also enhance the missions of the Department to protect and provide assistance to civilians in response to natural disasters, law-enforcement needs, and other activities. We will develop close partnerships with private industry, academia and government agencies to focus a national research and development effort aimed at protecting the homeland. We are requesting $803 million in fiscal year 2004 to conduct our mission. We will implement our activities through focused portfolios that support our mission. These portfolios are Biological Countermeasures; Chemical and High Explosives Countermeasures; Radiological and Nuclear Countermeasures; Critical Infrastructure Protection; Threat and Vulnerability Testing and Assessment; and the standards State and local program.

HOMELAND SECURITY ADVANCED RESEARCH PROJECTS AGENCY

Through the Homeland Security Advanced Research Projects Agency, our program will explore cutting-edge approaches to as-

sessing current and emerging threats. It is our estimate that at least $350 million of the overall request will be carried out by HSARPA in fiscal year 2004. Our strategy includes evaluation, prototyping and rapid deployment of available technologies to the field. To do this, we will establish a technology clearinghouse in partnership with the Technical Support Working Group which has performed a similar mission for the past several years with great success for the Departments of State and Defense. Through this partnership we will encourage and support innovative solutions to enhance homeland security and will engage the private sector in rapid prototyping of homeland security technologies.

EDUCATIONAL PROGRAMS

A knowledgeable workforce focused on homeland security is essential to our ability to address advancements in science and technology. Declining enrollments in specific academic fields such as radiochemistry is leading to a lack of workers in areas of science and technology which is important to America's effort to protect the homeland. Thus, we will establish fellowship programs at the graduate and post-graduate levels to encourage research activities in these areas and thus develop the foundation America needs to sustain our technical advantage in the war against terrorism. We will also establish University Centers of Excellence to provide an enduring and focused resource to the Nation in this effort.

PREPARED STATEMENT

Mr. Chairman, I thank you again for the opportunity to appear before the Subcommittee. This concludes my prepared statement and I do thank you for including my more lengthy remarks in the record.

[The statement follows:]

PREPARED STATEMENT OF CHARLES MCQUEARY

Introduction

Good afternoon. Chairman Cochran, Senator Byrd, and distinguished members of the subcommittee, it is a pleasure to be with you today to discuss the President's fiscal year 2004 budget request for the Department of Homeland Security's Science and Technology Directorate. Secretary Ridge has already testified and provided the Department's overall fiscal year 2004 budget request and the role expected of science and technology to make the nation safer. It is a great honor and a great responsibility to lead the science and technology efforts of this Directorate and the Department to meet the challenges of protecting our homeland and our way of life.

The most important mission for the Science and Technology Directorate is to develop and deploy cutting edge technologies and new capabilities, so that the dedicated men and women who serve to secure our homeland can perform their jobs more effectively and efficiently—they are my customers. Our plans for fiscal year 2004 reflect this relationship, and our desire to provide capability to the field as rapidly as is possible.

The threats to our homeland are many. We must constantly monitor these threats and assess our vulnerabilities to them; develop new or improved capabilities to counter chemical, biological, radiological, nuclear, explosive, and cyber threats; and mitigate the effects of terrorists attacks should they occur. The Science and Technology Directorate's program must also enhance the conventional missions of the Department to protect and provide assistance to civilians in response to natural disasters, law enforcement needs, and other activities.

Throughout the initial planning process for the S&T Directorate we have been guided by current threat assessments, our understanding of capabilities that exist

today or that can be expected to appear in the near term, and, importantly, by the priorities spelled out in the President's National Strategy for Homeland Security.

Thus, our key specific areas of emphasis are to:

—Develop and deploy state-of-the art, high-performance, low-operating-cost systems to prevent the illicit traffic of radiological/nuclear materials and weapons into and within the United States.

—Provide state-of-the art, high-performance, low-operating-cost systems to rapidly detect and mitigate the consequences of the release of biological and chemical agents.

—Provide state-of-the art, high-performance, low-operating-cost systems to detect and prevent illicit high explosives transit into and within the United States.

—Enhance missions of all Department operational units through targeted research, development, test and evaluation (RDT&E), and systems engineering and development.

—Develop and provide capabilities for protecting cyber and other critical infrastructures.

—Develop capabilities to prevent technology surprise by anticipating emerging threats.

—Develop, coordinate and implement technical standards for chemical, biological, radiological, and nuclear (CBRN) countermeasures.

Research, Development, Test and Evaluation Portfolio

We are requesting $803 million in fiscal year 2004 to provide applied research, development, demonstrations, and testing of products and systems that address these key areas of emphasis. The Science and Technology Directorate will implement its activities through focused portfolios that address biological, chemical, radiological and nuclear, and cyber threats; support the research and development needs of the operational units of the Department; and receive innovative input from private industry and academia as well as national and Federal laboratories. In particular, the Homeland Security Advanced Research Projects Agency (HSARPA) will have an essential role in meeting the goals and objectives of the Department and the Directorate across the range of the portfolios. These portfolios and activities are described as follows:

Biological Countermeasures.—Biological threats come in many forms. They can be toxins, viruses, or bacteria, distributed by airborne aerosols, or in food or water supplies, or in the case of contagious diseases, spread among infected people or animals. Some biological threats require considerable technical sophistication on the part of the adversary and others do not. Timely detection and early initiation of prophylaxis and decontamination is the key to mitigating the consequences of any biological attack, should it occur. We are requesting $365 million in fiscal year 2004 to:

Develop and deploy a Biological Warning and Incident Characterization System (BWIC). BWIC will consist of two major elements: a nationwide biosurveillance system that looks for early indicators of the exposure of people, animals and plants to biological agents; and environmental monitoring networks in selected cities that can detect the agent directly. This activity will be available as a pilot in fiscal year 2004.

Continue the National Biodefense Analysis and Countermeasures Center (NBACC), initiated in fiscal year 2003, as a key component in implementing the President's National Strategy for Homeland Security. The NBACC will leverage the expertise of America's cutting-edge medical and biotechnical infrastructure to focus on the biological agent threat, including performing risk assessments and determining which countermeasures require priority research and development. It is an essential, new approach to integrating national resources for homeland security, supporting public health, law enforcement, and national security. The analytical capabilities of the NBACC will be functional in fiscal year 2004.

Protect our agricultural infrastructure by providing the most rapid means of detecting infected animals before they exhibit signs of the disease to contain the original introduction, providing vaccines and/or therapeutics and a vaccination/therapy program to deter the spread of the disease, and providing genetic data that can be quickly used to identify the source, virulence and potential for spread of an introduced foreign disease.

Chemical Countermeasures.—According to the National Research Council's Report Making the Nation Safer, "chemicals continue to be the weapon of choice for terrorist attacks. They are readily available and have the potential to inflict significant casualties." In fact, terrorist attacks on civilian populations with chemical warfare agents have already occurred. In the Aum Shrinrikyo attack on the Tokyo subway, casualties were limited only because the attackers did not use an effective agent dispersal method. Similarly, accidental releases of toxic industrial chemicals have dem-

onstrated that materials relatively widely available in modern industrial societies can result in large number of casualties.

Significant work on chemical defense in military situations has been conducted, focused on battlefield attacks using chemical warfare agents. However, major gaps exist regarding civilian defense, most notably in strategies for dealing with the broader spectrum of threats (e.g. toxic industrial materials); detection systems capable of continuous monitoring with very low false positive rates; deployed chemical defense systems; and a robust forensic capability. The Chemical Countermeasures portfolio is requesting $55 million to address these shortcomings through a balanced mix of activities: (1) systems studies will be used to prioritize efforts amongst the many possible chemical threats and targets; (2) new detection and forensic technologies will be developed and demonstrated; (3) protective systems that integrate physical security, ultra-sensitive detection, information management, and consequence management strategies will be developed and piloted in selected high value facilities such as airports and subways; and (4) the Science and Technology Directorate will work with the Information Analysis and Infrastructure Protection Directorate to characterize and reduce the vulnerability posed by the large volumes of toxic industrial materials in use, storage or transport within this Nation.

High Explosives.—Detection of high explosives and mitigation of their use has been a prime focus, historically of the Federal Aviation Administration, and now the Transportation Security Administration (TSA). The current terrorist threat extends beyond air transport to all other modes of transportation and to fixed facilities. The Department of Homeland Security will build on TSA's R&D in this area to develop and deploy more effective explosives detectors that can address the broader threats. Development of reliable stand-off detection capability of large quantities of explosives, especially in vehicles, is particularly needed. For this purpose $10 million in fiscal year 2004 is requested.

Radiological and Nuclear Countermeasures.—Countering the threat of radiological or nuclear attack is one of the top priorities of the Department of Homeland Security and the Science and Technology Directorate. The Radiological and Nuclear Countermeasures portfolio is requesting $137 million to address this threat through a comprehensive systems approach that emphasizes early detection; effective intervention capabilities at the Federal, State and local levels; development of mitigation technologies and science-based consequence management programs for use should an attack occur; and effective training at all levels of response. Concurrent efforts focused on deployment, evaluation and improvements to currently available technologies; a research and development program for advanced technologies and their continuous insertion into operational use; and the provision for an enduring science and technology base to address long-term challenges such as the detection of highly-enriched uranium and heavily shielded radioactive sources is used to address both today's threats and those of the future.

Threat and Vulnerability, Testing and Assessment.—The purpose of the Threat and Vulnerability, Testing and Assessment (TVTA) program is to create advanced modeling, information and analysis capabilities that can be used by the organizations in the Department to fulfill their missions and objectives. One thrust of this program is to develop advanced computing, information, and assessment capabilities in support of threat and vulnerability analysis, detection, prevention and response. This portfolio also conducts extensive research and development activities in the area of cybersecurity, addressing areas not currently addressed elsewhere in the Federal Government. An example of this is developing tools and techniques for assessing and detecting the insider threat. The TVTA program uses a strategy of multi-year investments that infuse new capabilities into the DHS mission directorates on a regular basis based on strategic 5 year road maps. A spiral development process ensures early use and feedback by intended users and operators of all technologies developed within the program. Successively more complete and refined prototypes lead to operational pilots and fully operational systems for the Department organizations. $90 million is requested in fiscal year 2004 to support this activity.

Critical Infrastructure Protection.—Our national infrastructure provides the continual flow of goods and services that are essential to the defense and economic security of the United States. Many of these functions are so vital that major disruptions would cause severe consequences to the behavior and activities of our citizens. Our free society and the high quality of life that we value depend upon the reliable operation of the infrastructure. In addition, we must protect the lives of our citizens (especially whenever they gather in large numbers) and key assets including many national monuments and icons.

The Critical Infrastructure Protection (CIP) portfolio has three primary goals: (1) develop, implement, and evolve a rational approach for prioritizing CIP strategies

and resource allocations using modeling, simulation, and analyses to assess vulnerabilities, consequences, and risks; (2) propose and evaluate protection, mitigation, response, and recovery strategies and options; and (3) provide real-time support to decision makers during crises and emergencies. $5 million is requested in fiscal year 2004 for this activity, which also leverages work being done elsewhere in the Federal Government and the Department of Homeland Security.

Standards/State and Local Program.—Standards should be applied to all elements of the homeland security infrastructure to ensure a robust capability to defend against and to respond to any crisis situation—whether it is the result of terrorism, natural causes, or a catastrophic accident. Organizing and integrating the efforts of the government and the private sector will enable the Department of Homeland Security to develop standards for equipment used for detection of materials that could be used in a terrorist attack. This will reduce the probability of a successful terrorist attack on the United States and facilitate development of a vital and enduring ability to respond to national emergencies.

The Standards/State & Local Program will provide consistent and verifiable measures of effectiveness of homeland security related equipment and systems in terms of basic functionality, appropriateness and adequacy for the task, interoperability, efficiency, and sustainability. The Science and Technology Directorate will facilitate the development of guidelines in conjunction with both users and developers. The guidelines will encompass user needs and operating conditions, as well as the capabilities and the limitations of the technologies. The Standards/State and Local Program will develop, in collaboration with operational end-users, performance measures, testing protocols, certification methods, and a reassessment process appropriate to each threat countermeasure and for the integrated system. The Standards/State and Local Program will address all elements of the homeland security mission including equipment, information, analyses, personnel, and systems. Special emphasis will be placed on soliciting input from the actual users in the State and local response communities, and on providing effective methods for communicating information back to these agencies.

Major program objectives include working with the private sector to establish a network of homeland security certification laboratories. This will provide a consistent level of assurance in the effectiveness of detection and other operational equipment. Consistent standards for training and certification of personnel will also be developed. The program will continue to broaden the suite of technical standards for various forms of equipment and systems and will provide protocols and standard data collection formats for test and evaluation projects undertaken by the Science and Technology Directorate. $25 million is requested in fiscal year 2004 to support this important effort.

Support to Department of Homeland Security Components.—The Science and Technology Directorate has the responsibility to provide Federal, State and local operational end-users with the technology and capabilities to protect the United States homeland from catastrophic terrorist attacks and enhance their capabilities for conducting their conventional missions. An essential component of this responsibility is to coordinate and collaborate with the other components of the Department to assist and enhance their technical capabilities through integrated research and development activities. The integration of the Science and Technology Directorate research and development efforts with the Information Analysis and Infrastructure Protection Directorate is specifically described in the Threat and Vulnerability, Testing and Assessment, and the Critical Infrastructure Protection portfolios. In addition, the Science and Technology Directorate will support the mission needs of the Border and Transportation Security Directorate, the United States Coast Guard, the United States Secret Service and the Emergency Preparedness and Response Directorate through coordinated and focused research and development programs. Research and development in potentially high payoff technologies will be emphasized. $55 million is requested in fiscal year 2004 for this purpose.

Rapid Prototyping Program.—Significant capabilities exist in private industry for the rapid development and prototyping of technologies in support of the homeland security mission. A mechanism to quickly and easily access the capabilities of private industry will allow the Department of Homeland Security to more effectively fulfill its mission requirements.

The Science and Technology Directorate will establish a partnership with the Technical Support Working Group (TSWG) to provide the Department with a technology clearinghouse to encourage and support innovative solutions to enhance homeland security and to engage the private sector in rapid prototyping of homeland security technologies. $30 million is requested in fiscal year 2004 to solicit from the private sector near-term capability that can be rapidly prototyped and fielded.

Homeland Security Fellowship Programs/University Programs.—Advancements in science and technology have the potential to change or increase the threats to our security; these advancements also improve our ability to thwart these emerging threats. A knowledgeable workforce focused on homeland security is essential to our ability to address advancements in science and technology.

The vast scope of the science and technology needed to address homeland security coupled with declining enrollments in specific areas such as nuclear science and technology, and radiochemistry are leading to a lack of qualified applicants for relevant research and development. This program requests $10 million to support strategic partnerships with the academic community to provide support for qualified students and faculty.

Emerging Threats.—Advancements in science and technology have the potential to change or increase the threats to our security. These advancements also improve our ability to thwart these emerging threats.

The Emerging Threats program will support the exploration of innovative, cross-cutting, out-of-the box approaches for anticipating and responding to new and emerging threats. It will also establish and support studies and analyses to be conducted by the new Homeland Security Institute. $22 million is requested in fiscal year 2004 for this purpose.

The scope of the work to be conducted by this budget is broad but focused on the areas that improve our capabilities to thwart terrorist attacks by early detection and identification of the threat, effective protection and intervention technologies, mitigation of potential consequences should an attack occur, and a robust forensics and attribution capability. Our strategy includes early deployment of off-the-shelf technologies to provide initial defensive capability and near-term utilization of emerging technologies to counter today's terrorist threats and the development of new capabilities to thwart future and emerging threats. A key part of our efforts will be conducted through the Homeland Security Advanced Research Projects Agency to engage industry, academia, government, and other sectors in innovative research and development to meet operational needs. Although I have described the budget request along product lines, such as biological and chemical countermeasures, it is our estimate that at least $350 million of the overall request will be carried out by HSARPA in fiscal year 2004.

Mr. Chairman and members of the subcommittee, this concludes my prepared statement. I would be pleased to address any questions.

COOPERATION WITH DHS AND NON-DHS ENTITIES

Senator COCHRAN. Thank you very much, Mr. Secretary.

While there were certain specific functions transferred to the Department of Homeland Security over which you now have jurisdiction or responsibility, there were some that were left out that are under the overall Department's responsibility, such as the Coast Guard, the Secret Service and others.

Does that present any kind of challenge administratively for you, or do you share in the responsibility for working on science and technology issues with those other parts of the Department of Homeland Security, even though they are not directly under your jurisdiction?

Mr. MCQUEARY. Yes, sir, we do share in that responsibility. In fact, as a part of our organization with in Science and Technology, we have individuals who have transferred into the S&T organization from all of those agencies that you mentioned, to be in our spaces, if you will, to help influence the Science and Technology portfolio direction that we will take.

So while the organizations that you mentioned do not report directly to me, we do have oversight responsibility for the science and technology work done in those organizations. We have also already established a partnership with the laboratory directors from all of those agencies that you mentioned so that we can begin working closely with them. And so far I have been very pleased to see the great enthusiasm with which the leaders of the scientific organiza-

tions have come together, recognizing that there is more power in a larger scientific community than there is in what I would call smaller groups.

Senator COCHRAN. There are other Federal agencies, too, and activities of the Federal Government not within the Department of Homeland Security that have responsibilities for helping to protect our homeland against terrorist attacks. I think immediately of the Postal Service and the challenge that they have in trying to help ensure that we are able to detect any efforts to transmit through the mail anthrax and other harmful agents.

To what extent will your office be involved in providing information, in terms of science and technology, to those other independent agencies or other departments of Government such as the U.S. Postal Service?

Mr. MCQUEARY. First of all, it is very important that one of the first things that we do is understand exactly what is going on not only within the government but also in private industry and universities in the areas that relate to homeland security.

In the specific instance of the Post Office, the Office of Science and Technology Policy has been working with the Post Office since we had the anthrax issue right after 9/11. I have already established a very close relationship with Dr. John Marberger, who heads up the OSTP organization. So we will have very close coordination with the work that is being done there. If we need to have working groups with the Post Office, I would see no reason why there should be an impediment to doing so.

ROLE OF THE PLUM ISLAND ANIMAL DISEASE CENTER

Senator COCHRAN. If a terrorist decided to target American farms and ranches with some effort to carry out a bioterrorism act, we are limited in what we know about how diseases can be transmitted and spread. But we are trying, through the activities of the Plum Island Animal Disease Center which is now part of the Department of Homeland Security, to understand how to better fight efforts that would target America's farms and ranches.

To what extent is your Directorate going to be involved in helping to map a strategy to effectively quarantine animals or to prevent the spread of diseases in this kind of situation?

Mr. MCQUEARY. Certainly. As you correctly point out, Plum Island does transfer into the Department of Homeland Security. That occurs on the first of June.

We had interactions as the planning process was going through. I have not personally been to Plum Island yet, although that is high on my list of things to be done within the next several days, to get more familiar with Plum Island and the details thereof.

As I see it, though, they play a very important function, particularly in helping to protect our country from animal diseases that could come in inadvertently. And therefore by doing this, they also put us in a better position to understand how to protect against those diseases.

CRITERIA FOR DETERMINING CENTERS EXCELLENCE

Senator COCHRAN. I know that there are probably going to be a lot of requests from around the country from colleges and univer-

sities to ask you to designate them as "Centers of Excellence" in research in this area. How are you going to approach that challenge? How are you going to pick and choose among all the colleges and universities as to who gets to be a center?

Mr. MCQUEARY. Well, first of all, I am pleased with the legislation as it came out in giving us the latitude to be able to work that issue. There are a number of criteria that are called out in the legislation establishing the Department of Homeland Security, and certainly that will be an important part of what we need to examine as we decide what to do.

My opinion, if I might render a professional opinion at this point, is that it would be very difficult to find a single university that has the breadth and expertise so that they could call themselves the very best there is in the country in all of the expected areas. So my personal preference is to do an early assessment of where the best work is being done in the areas of counterterrorism interest, and then choose centers of excellence based upon that judgment.

And I would certainly expect that we will call upon the scientific community to help us render that judgment. That will not be strictly a Department of Homeland Security S&T call by itself.

Senator COCHRAN. Senator Byrd.

ADEQUACY OF EXISTING TECHNOLOGIES AND CAPABILITIES

Senator BYRD. Mr. Secretary, the Homeland Security Act gives you the responsibility to develop a national policy and strategic plan for identifying priorities, goals, objectives, and policies for and coordinating the Federal Government civilian efforts to identify and develop countermeasures to chemical, biological, radiological, nuclear and other emerging terrorist threats.

In recent testimony, FBI Director Robert Mueller said his greatest concern is that our enemies are trying to acquire dangerous new capabilities with which to harm Americans. Terrorists worldwide have ready access to information on chemical, biological, radiological, and nuclear weapons via the Internet.

Mr. Secretary, our agencies have identified new and existing technological capabilities that can be used today to help prevent terrorism, but they have not received the budgets to obtain them. Do you think that our agencies are adequately equipped and prepared with existing technologies and capabilities?

Mr. MCQUEARY. Sir, I believe the reason the Science and Technology Directorate was created as a part of the Department of Homeland Security was to help improve the overall situation at our borders and provide added protection. So I think the answer has to be that the country has decided we are not adequately protected and we still have work to be done. And I believe that we are chartered with the responsibility of leading that effort in concert with the other units that make up the Homeland Security Department, deciding what needs to be done and doing it.

I do believe that it is very important that we understand quickly what kinds of capabilities exist in the country today, so that we can implement those things that will make a difference as quickly as we can because speed is important in the business that we are in.

IDENTIFICATION OF SCIENCE AND TECHNOLOGY NEEDS

Senator BYRD. Last year Congress appropriated additional funds to purchase technology and equipment critical to homeland security but the Administration rejected the funding. This year, as we continue to operate under a heightened state of alert, the Administration did not request specific funding for this technology in the supplemental spending bill.

I speak with respect to technology that has been identified by the agencies, such as radiation portable monitors and non-intrusive inspection equipment for the Bureau of Customs and Border Protection and radiation pagers and isotope identifiers for Coast Guard officers who board suspect vessels. There were attempts to add funding to the emergency supplemental a few days ago that would have provided Homeland Security agencies with additional technologies and capabilities.

Secretary Ridge and the Attorney General have said that there was a high-risk of a terrorist attack right now. Are you working with the various Homeland Security agencies to identify existing technologies and capabilities that could immediately be deployed to the men and women securing our homeland?

Mr. MCQUEARY. Yes, sir, that is a significant responsibility that we have. And indeed, the role that we play in the Department of Homeland Security is to be the supplier of technologies to the other agencies and units that make up the Department of Homeland Security.

I have described this as a customer/supplier model, if you will, having come from the industrial side of things, in which they are the customers, as are the people working on the front lines. And we are to be the suppliers of the technologies that are needed. And our job is to help evaluate, determine what should be done and help implement the rapid deployment of those things that are needed.

Senator BYRD. Could you provide the subcommittee with some examples?

Mr. MCQUEARY. Examples of things that we are doing?

Senator BYRD. Are you working with the various Homeland Security agencies to identify existing technologies and capabilities that could immediately be deployed to the men and women securing our homeland?

Mr. MCQUEARY. If I may, we have been in existence just since the first of March. We have a relatively small staff at this particular point. I take that fully as a responsibility that we have.

I cannot tell you today specific examples other than there are radiological detectors at our borders even today and there are upgrades that are underway in many of those locations. But has Science and Technology affected those in any great way to date? The answer would be no, simply because we have not been in existence nor have we had people.

If you would recall when Homeland Security was formed, there were no people that transferred into Science and Technology. So we are building our organization a person at a time today in order to be able to do the work and accomplish the responsibilities that the Congress has given us in the construction of the bill.

Senator BYRD. Since the threat of terrorism is imminent, should you be focusing on both longer-term development of technologies and technologies that are currently available so that the Homeland Security personnel can work more efficiently and effectively?

Mr. MCQUEARY. Yes, sir. I believe that is very important that we have a multi-layered strategy in what we do. And in fact, that indeed is a part of our planning and strategic plan that we are working on, and that we expect to publish in the near future. Very important.

If I may, the Homeland Security issue is a very large systems engineering problem if I may describe it coming from the background which I do, in which we have large numbers of inputs and outputs. And the important thing is to understand how this system needs to work to provide the protection.

From that understanding will come the ability to be able to determine what we must do in terms of long-range developments, as well as to be able to use those things that we know already exist. And there are many companies that have things out there today, as certainly you alluded to, that maybe, that probably will be, very beneficial to us as we make this country safer than what it is today.

MANPAD STRATEGY

Senator BYRD. There has been much talk about the need to secure our commercial airliners from the threat of shoulder-fired surface-to-air missiles. Last November it was reported that Al Qaeda operators fired two shoulder-fired missiles at an Israeli passenger plane. The cost to purchase these weapons is roughly $5,000 to $30,000, and over 500,000 are available worldwide on the black market.

Secretary Ridge announced on Tuesday that the Government should pay for research and technology to protect commercial airliners from this type of attack. Has the Secretary discussed this with you? And if he has, what steps are you taking to pursue this?

Mr. MCQUEARY. Yes, sir, he has discussed it with us a few weeks ago. We are aware of the MANPAD strategy you describe. It is a very serious issue and one in which we have already begun to participate in a systems engineering analysis to determine what would be an equitable approach for our private airline industry.

There has been work. It has gone on in the Department of Defense, and certainly we would build upon that work. But there is not a system, as I understand it, that exists today that one could simply apply onto a commercial airliner with no additional development work.

Senator BYRD. I want to yield shortly to the Chairman, who will in turn then call upon Senator Domenici, but let me get this further question, if I may.

Your budget justification does not include anything specifically on this issue. TSA has requested $75 million in research and development to improve current security technology. Industry estimates that the cost to design and certify effective countermeasures for different aircraft types will cost close to $55 million. So can you tell me where the funding will come from to do this?

Mr. MCQUEARY. Sir, I cannot today. I can tell you that we have included within the budget the study work that would be necessary for Science and Technology to provide its technical judgment on how to approach this problem and that is not a large expense. In fact, I would estimate that is a $1 million to $2 million maximum kind of effort for us.

Of course, the major cost would be in the procurement of such systems and I have not been engaged in the discussion about how that would be paid for.

Senator BYRD. Thank you.

Senator COCHRAN. Thank you very much, Senator. Senator Domenici.

Senator DOMENICI. Mr. Chairman, I have to chair another subcommittee, as I think you are aware, but I very much appreciate the opportunity to ask one question.

COLLABORATION WITH NATIONAL LABORATORIES

First, Dr. McQueary, it is good to see you. You have a very big job and we look forward to working with you.

As you know, in my State, we have two great national laboratories. And one of my subcommittees is the subcommittee that funds all of the national laboratories for the Department of Energy, some 18 laboratories from Argonne to ones in New York and up and down the line.

Obviously, I am correct in saying you intend to work with those laboratories as they have either know-how or technology that would be helpful to you in implementing your role; is that correct?

Mr. MCQUEARY. Yes, sir, that is absolutely correct. They have great talent in those laboratories.

HOMELAND SECURITY ADVANCED RESEARCH PROJECTS AGENCY

Senator DOMENICI. Homeland Security Advanced Research Projects Agency is known as, I guess, HSARPA.

Mr. MCQUEARY. HSARPA, some call it. I wish I had been here sooner to name it something else, but I was not.

Senator DOMENICI. We will try our best.

As we understand it, the purpose for that is to use it as a tool to move ideas from the drafting board to the front lines as quickly as possible. And in so doing, to use your funds so that you can bring to bear all of the resources of the United States, including private industry, universities, and the national laboratories, on an issue or a need in this particular field; is that correct?

Mr. MCQUEARY. That is absolutely correct, sir.

Senator DOMENICI. When do you think that that agency is going to be up and running?

Mr. MCQUEARY. I believe it will be up and running soon. We have done a lot of planning for it. It will actually be up and operational around the first of October simply because of the way the budgets are done.

Senator DOMENICI. Who do you think will head it up?

Mr. MCQUEARY. I have interviewed many people and I am still looking for people to do that. I think it is essential that we get the right kind of technical talent to lead that. And therefore, I am continuing to look.

Senator DOMENICI. Do you have any idea how many employees would be working there and where they might be located, Doctor?

Mr. MCQUEARY. We have not reached that point because that is an organization whose size will be driven largely by the number of programs that we have implemented, and so we will need program managers to run programs, and so the size will be driven by that.

Senator DOMENICI. Once again, it is very important that the way you set it up will permit it to interact with the national laboratories in the best possible way; is that not correct?

Mr. MCQUEARY. That is absolutely correct.

Senator DOMENICI. Without that, you are losing a great deal of talent and capacity that already exists. You do not have to duplicate that.

Mr. MCQUEARY. And we will not, or we will make every effort not to duplicate it, I can assure you.

Senator DOMENICI. I have some additional questions with reference to how you are going to go about doing that, but I just wanted to leave you with the further admonition that just because we have a new problem, we do not have to, in each instance invent a new agency or a new institution to solve it.

You have a very big job. Part of it is to make things work and pull things together that are already out there and apply them to an existing problem. And I am hopeful that in the months to come, as we bring you here, you will be able to show us how you have arranged this so that the great strength of our private sector research and our laboratories is brought to bear on some of these terrorist issues.

Are you going to give us assurance that that is the direction that you will be moving?

Mr. MCQUEARY. I can assure you, that is my intent, sir.

Senator DOMENICI. Thank you very much. Thank you, Mr. Chairman.

COMPREHENSIVE ENTRY EXIT SYSTEM

Senator COCHRAN. Thank you, Senator.

Let me ask you another question on the subject of the Border and Transportation Security Directorate. There is a project that is being planned, as I understand it, which is called the Comprehensive Entry Exit System. There is a legislative requirement that the Entry Exit System be able to read biometrics, which is the system to use fingerprint technology, facial recognition technology, or maybe even iris scan technology, to verify the identity of people traveling into or even maybe out of the United States.

There have been investments already by the Department of Justice in improving fingerprint technologies. Do we need to do the same sort of thing for facial recognition technology and iris scan technology, in your opinion?

Mr. MCQUEARY. I believe that those two latter areas that you mentioned are certainly behind fingerprint recognition systems, though a lot of good work has been done in the industry and I think that we can draw upon that to make the decision of what direction we should go in choosing one of the two latter ones you mentioned as being the added biometric to be used for the Border Entry Exit System.

BIOMETRIC TECHNOLOGIES

Senator COCHRAN. Do you plan to use funds that are appropriated to your Directorate to develop a new generation of biometric technologies?

Mr. MCQUEARY. Sir, I cannot remember at this point whether we have included that in this budget or not. If I may answer the question. The answer is yes. I apologize, I should have known but it has been a long day and I simply did not remember.

TECHNOLOGY CLEARINGHOUSE

Senator COCHRAN. We are already beginning to get inquiries from people around the country who know about the new department. And those of us who serve on this funding subcommittee are being contacted and urged to be sure that their ideas and their suggestions get reviewed. How are you going to go about reviewing all those requests? You are going to have more suggestions and more ideas about how to improve the state of the world in so many different areas. Are you going to establish a clearinghouse of some kind to review these things?

Mr. MCQUEARY. Yes, sir.

Senator COCHRAN. How are you going to deal with that?

Mr. MCQUEARY. As I mentioned in my opening statement, we have partnered already with the Technical Support Working Group, which has been in existence for several years. We expect to issue broad agency announcements indicating what areas of technology we are interested in in industry. We have a reprogramming action that has been proposed and if it gets approved as we proposed it, we then will issue the broad agency announcements, and industry will be able to see the areas that we are interested in.

With that being said, what I am asking in people who come to see me is, do not ask me how can you use my thing in your solution. I am asking people to help me define what the solution needs to be. Because this, as I mentioned, is a very large systems problem. We are going to have some very talented people. But I can assure you we will not have the talent to be able to conceive of all the possibilities.

So we need people who come in with ideas to help us think about how it can be used in a large system context because that is the problem that we face.

Senator COCHRAN. Our job is to decide how much money you need.

Mr. MCQUEARY. Yes sir.

UNIVERSITY-BASED CENTERS

Senator COCHRAN. Of course, we consider the request that is submitted by the President, but sometimes, and I am not suggesting this is true with this Administration, but sometimes Administration officials submit numbers knowing the Congress is going to have to increase the number. That just happens. No use to pretend that it does not.

I wonder about the $15 million that is requested in this budget, for example, to establish university-based centers and support stra-

tegic partnerships with the academic community. That sounds like a pretty small amount of money to me.

Mr. MCQUEARY. I do not believe it is so small when you are just starting out. I think it is important that we have a good plan in place. I think it is important that we not take a lot of time to figure out what the plan is.

But I would like to be able to come before you and present a plan that I know I have studied sufficiently to be able to say I believe this is the one that can and should be implemented to accomplish the things that the Congress has asked us to do in the legislation.

So I am not personally uncomfortable with the amount of money in that area now, quite frankly.

Senator COCHRAN. Thank you, very much. Senator Byrd.

DEFENSE DEPARTMENT'S BIOMETRICS INITIATIVE

Senator BYRD. On biometrics, Dr. McQueary, are you aware of the Defense Department's biometrics initiative?

Mr. MCQUEARY. Sir, I am only aware in a very general sense. I have not had a scientific review of that, but it is certainly an important thing for me to do.

Senator BYRD. Do you plan to work with the Defense Department and other agencies to build on the testing already done and the lessons already learned?

Mr. MCQUEARY. I would view that we have not done our job unless we do that. We certainly must do that, because that is the way we determine how much money really should be spent, by knowing that we are using what has already been done.

Senator BYRD. The Defense Department has been quite active in this area, and I hope that you will pursue that opportunity to build on the testing there.

Mr. MCQUEARY. I assure you we will.

MANPAD STRATEGY

Senator BYRD. If Secretary Ridge believes that there is a serious threat of a shoulder-launched missile being fired at a commercial airliner, why did the Administration oppose an amendment in the Senate a few days ago to provide $55 million to test existing technologies on commercial aircraft?

Mr. MCQUEARY. Sir, I do not know the answer to the question, but I can try to find out to respond back to you. But I do not know.

Senator BYRD. Could you give us a timeline for coming forward with your recommendations?

Mr. MCQUEARY. I, first of all, have to determine in concert with Secretary Ridge whether it is appropriate that the Science and Technology group make that recommendation or whether it should come out of one of the operational directorates. I cannot answer the question today but certainly I should be able to answer it soon. And I can certainly discuss that with Secretary Ridge and get back to you.

Senator BYRD. Would you supply to the subcommittee an answer to that question, after you have had that discussion?

Mr. MCQUEARY. Yes sir.

PERFORMANCE MEASURES

Senator BYRD. You are responsible for developing a national policy and strategic plan for identifying priorities, goals, objectives, and policies for and coordinating the Federal Government's civilian efforts to identify and develop countermeasures to chemical, biological, radiological, nuclear and other emerging terrorist threats, including annual measurable objectives and specific targets.

On page 26 of your budget justification, you find these words: performance measures for the Science and Technology Directorate have not been established. And yet you are requesting an $803 million budget, including $242 million or a 43 percent increase over last year.

How is this subcommittee supposed to evaluate your request if we do not have any performance standards to go by?

Mr. MCQUEARY. I think you should ask us to provide those performance measures and I agree with that. The response that we have there is the one we have today but it is not satisfactory long-term. And we do need to have performance measures. I agree. I come out of an industry where if you cannot measure it, you cannot be sure it has been done.

Senator BYRD. Exactly. I would suggest that you do your best then, Mr. Secretary, to provide the subcommittee with reliable performance measures during the fiscal year 2004 budget process, so that we can evaluate your $803 million request.

Mr. MCQUEARY. Yes sir.

Senator BYRD. Congress has appropriated billions of dollars since 9/11, much of which has gone to the development of technological capabilities to prevent terrorist attacks. This subcommittee is going to be working very hard to make sure that the investment is spent wisely. So please take steps, since you do not have anything on paper, please take steps to develop performance measures, as you have indicated you will, so we will know if the money is appropriately being spent effectively.

Mr. MCQUEARY. Yes sir.

HOMELAND SECURITY ADVANCED RESEARCH PROJECTS AGENCY

Senator BYRD. I have one other question.

Public Law 107–296, the Homeland Security Act, created the Homeland Security Advanced Research Projects Agency. The agency is modeled on the Advanced Research Projects Agency except that the goal of the agency is to develop technologies that would benefit homeland security.

In your prepared testimony you estimate that $350 million of your overall request of $803 million would be carried out by this new Advanced Research Projects Agency. But the Homeland Security Agency Act authorizes only $500 million. Why is there a $150 million gap between your funding requests and the authorized amount?

Mr. MCQUEARY. Sir, my approach, having come out of the industrial side, is we are in the business of funding products and systems, and those products and systems in general will cut across not only the Homeland Security Advanced Research Project Agency, but the work that is done in the laboratories.

And so my belief, and a strong belief, is that developing a budget based upon products and systems is a better way than doing an organizational budget which would be equivalent to saying how much are we going to spend in HSARPA? I assume the $500 million may have been an estimate that someone had and the $350 million that we have estimated is certainly that. It is an estimate, because the detailed programs have not been put together through competitive approaches or through work that is done in the laboratories.

Senator BYRD. In 1959, Congress approved $485 million for what was then known as the Advanced Research Projects Agency, ARPA. This was the first year it received an annual appropriation.

I do not know what is the matter with my throat today. I am not smoking any cigars, although I do like them.

Mr. MCQUEARY. Perhaps I could join you in a private moment then, with one of those.

Senator BYRD. Let us try that. Do you have anything else on your hip?

I think you would acknowledge that to date research and development activities in support of homeland security have been underfunded. In light of that, what do you think an appropriate funding level for this agency would be?

Mr. MCQUEARY. I missed which agency, sir. For the Department of Homeland Security?

Senator BYRD. The next question is pertinent. Are you planning to request a higher level for HSARPA in future years?

Mr. MCQUEARY. Sir, it is premature to say yes or no to that, because I think it is important that we examine the needs of the directorates that make up the Department of Homeland Security, and from that determine what the program should be. Those needs will be looked at from the standpoint of "do we need to be funding work ourselves or do we need to simply be buying what already exists out in America today?"

And we have to answer that question, and you have every expectation that we should.

Senator BYRD. Thank you, Mr. Secretary. Thank you, Mr. Chairman.

Senator COCHRAN. Thank you, Senator Byrd.

FISCAL YEAR 2003 REPROGRAMMING REQUEST

Mr. Secretary, yesterday we received a request from the Department of Homeland Security to reprogram fiscal year 2003 appropriations for your Directorate.

Mr. MCQUEARY. Yes.

Senator COCHRAN. This reprogramming could not have been anticipated when the budget request we are reviewing today was composed. Will the request for fiscal year 2004 be changed if this reprogramming request is approved? Specifically, do you believe that the balance of funds resulting from a reprogramming will be sufficient to carry out the biological research and defense activities for the Fort Detrick Biowarfare Center for the remainder of this fiscal year?

Mr. MCQUEARY. Yes, I do. In fact, the budget for Fort Detrick, we explicitly know that that is sufficient for this year because, as you know, we do not have a lot of the fiscal year left, and therefore

it is not necessary to spend as much. And that is part of the thinking that went into that.

STANDARDS FOR FIRST RESPONDER EQUIPMENT

Senator COCHRAN. The detection equipment used by first responders to alert the public of threats from chemical, biological, or radiological sources is an important line of defense for first responders to use to alert the public if a terrorist attack is taking place or has taken place. There currently are no standards for much of the equipment that is being used for the detection of these attacks. Once standards and technologies are developed, the Homeland Security Act authorizes the Secretary to create a system for transferring Homeland Security technologies to Federal, State and local Governments in the private sector.

Can you tell us if there are standards and criteria being developed now by the Department for the equipment that will be used to respond or alert the public to a terrorist attack when it occurs?

Mr. MCQUEARY. We specifically have a group working on standards. That group is working in concert with NIST and the American National Standards Institute because we are not trying to create standards all by ourselves. We are relying upon work, very good work, that has been done within the Government previously.

We have already issued a draft, I believe it is a draft, for radiation detectors for comment already. So that has been done and we are actively working on that.

And you will see we have, in the fiscal year 2003 reprogramming action, as well as in the proposed budget for fiscal year 2004, we have money in there to continue to work the standards issue. It is a very important issue to help the local responders be able to save money because now with no standards they are more or less subjected to whatever happens to be sold to them and rendering the judgments themselves.

Senator COCHRAN. Do you intend to take into account the views and suggestions of the local end-users, such as the first responders themselves, who have had experience in these matters, the police, fire, the transit authorities, so that you can develop the most sophisticated detection devices possible?

Mr. MCQUEARY. Sir, those are the customers for what we do and the answer is emphatically yes, because that is where we need to be getting the requirements for what we do, is at the first responder level. We do have plans in place to be able to accomplish that, so that we do have their inputs.

Senator COCHRAN. Will there be any effort by the Department to provide funding to those in the private sector who are working on these standards and technologies for devices?

Mr. MCQUEARY. I would view the standards work as being more—where the opportunity would be is when you have development of laboratories that would be testing—similar to Underwriters Laboratories. We certainly do not intend to build a government laboratory. So anything that we would do would go to the private sector or the Government, if labs are available to be able to do that.

Senator COCHRAN. Or could some of this research be done at the university centers?

Mr. MCQUEARY. Absolutely. Yes sir.

APPLICATION OF DEPARTMENT OF DEFENSE TECHNOLOGIES, EXPERIENCE AND EXPERTISE TO MEET HOMELAND SECURITY REQUIREMENTS

Senator COCHRAN. The U.S. military has methods of detecting chemical attacks, and certainly in the Operation Iraqi Freedom this is something that has been utilized. But there is a large difference between the military and the private sector and the civilian population.

How do you intend to utilize the expertise and the experience of the Department of Defense in helping develop technologies for the civilian population and our civilian agencies that will be called upon to help protect our homeland?

Mr. MCQUEARY. We certainly intend to draw on the enormous amount of work the Department of Defense has done in this area. As I would see it, a crucial issue for us, however, is that we have to have a low false alarm rate. The military is in a slightly different position. If they have a false alarm and go to general quarters, they can stand down if they find there was nothing. Whereas in the civilian population, we cannot afford to constantly have our people being in an excited state because alarms were put forth and they turned out to have no merit.

So I see the major effort that we have to accomplish is in that area of determining, from a technological standpoint, how we can keep the false alarm rate at a level the country can live with in the civilian population.

Senator COCHRAN. I know our staff members have reviewed the statement that you submitted very carefully. We will probably be submitting some additional questions to you to fill out our hearing record to be sure we understand the request you have submitted, and to be assured that we know enough about it to make an intelligent decision about the amount of funding you need for the coming fiscal year.

But we wish you well in this undertaking. This is a very important responsibility that you have assumed. We appreciate your service and the good work that the Department officials are doing to organize this new department, get it running, and get it off to a good start.

We wish you well.

Mr. MCQUEARY. Thank you very much. I look forward to it and I look forward to working with this committee and to better educate you on what we are doing because I think the better off we all will be. So I look forward to that.

ADDITIONAL COMMITTEE QUESTIONS

Senator COCHRAN. Senator Byrd, any further comments or questions?

Senator BYRD. I join with you in your good wishes and I thank the Secretary and wish him well.

Mr. MCQUEARY. Thank you, sir.

Senator COCHRAN. Mr. Secretary, we appreciate your cooperation with our committee. Other Senators may submit written question,

as well, and we ask you to respond to them within a reasonable time.

[The following questions were not asked at the hearing, but were submitted to the Department for response subsequent to the hearing:]

QUESTIONS SUBMITTED BY SENATOR THAD COCHRAN

DEVELOPMENT OF STANDARDS

Question. The detection equipment used by first responders to alert the public of chemical, biological, or radiological threats is the front-line of defense for first responders to alert the public if a terrorist attack took place. As you are aware, there are currently no standards for much of the equipment that is being used for the detection of these attacks. Once these standards and technologies are developed, the Homeland Security Act authorizes the Secretary to create a system for transferring homeland security technologies to Federal, State, local governments and the private sector. What standards and criteria are being developed by the Department of Homeland Security for the equipment that will detect and respond to any attack that may occur?

Answer. The need for standards and criteria for equipment being developed by the Department of Homeland Security (DHS) was recognized during the initial stages of developing the Science and Technology (S&T) Directorate's long-range strategy. During the transition phase, the need for standards to address design, procurement, deployment, and use of the radiological and biological detectors was determined to be a key need. In collaboration with the National Institute of Standards and Technology (NIST), the American National Standards Institute (ANSI) and the Institute of Electrical and Electronic Engineers (IEEE), the DHS S&T transition team began development of standards for four high-priority classes of radiation detection equipment. The four classes are personal dosimeters ("pagers"), alarming hand-held detectors, hand-held isotope identifiers, and radiation portals. These standards have been released in draft form and will soon go to ballot, in accordance with ANSI process requirements for national consensus standards. A contract to develop a standard test method for hand-held bulk anthrax immunoassay kits is being prepared.

Work is also progressing in the areas of training standards and personnel certification. Additional standards needs for both detection and response are being identified as part of a systematic evaluation of capabilities versus needs for standards to support the homeland security mission related equipment, operators, models and analyses, data and information, and integrated systems.

Question. How will the Department take into account the needs of the local end-user, such as the police or the mass transit authorities, to develop the most sophisticated detection devices? Does the Department intend on providing any pilot or seed money to involve the private sector in working on these sets of standards? What are the complexities in establishing such a system, and how would you characterize your progress so far in meeting this responsibility?

Answer. The needs of the local end-user community are a key part of the DHS S&T standards development process. The very first step in our process includes input from users to help determine performance guidelines. The actual development of performance measures, facilitated by standards experts, represents a balance among three drivers. The user is engaged to provide guidance on operating conditions, procedures and functionality. Analysts who help define the threats provide information on the problem to be solved by detection devices. Finally, developers who understand governing scientific principles and the relative sophistication of the equipment provide information on the technical capabilities and limitations of the detectors. Reassessment of the standards based on lessons learned and equipment evolution is also an integral part of the planned process.

The actual mechanism for engaging the user community—which includes State, local, and Federal Government end-users—varies. For the standards currently in development, the users have been engaged through established organizations that represent a wide range of users. One example is the Interagency Board for Equipment Standardization and Interoperability (IAB). The State Homeland Security Advisors are also anticipated to be key resources for providing the right staff for input to the process. We expect that these groups and other technical organizations will provide a nucleus around which a capability will be built to obtain State and local responder participation in future standard development efforts and to provide information about how specific technologies conform with standards for procurement purposes. Organizations throughout the Department work with representatives of these enti-

ties and other key end users on a day-to-day basis, and we will leverage user input and feedback through these relationships.

The private sector has already been involved in the process of developing voluntary consensus standards. Manufacturers, academics, and professional societies have been strongly represented in the groups that have already been activated. The traditional method for producing standards involves volunteers to lead and staff the writing groups. Some funding has been set aside to support the writing committee chairs. Funds have also been planned to help support the ANSI Homeland Security Standards Panel that will aid in cataloging and coordinating standards development with the professional societies that are the traditional source for United States' national voluntary consensus standards.

In terms of the complexity in establishing a system that addresses standards relevant to DHS, the development of a suite of standards is a significant undertaking. The interrelated nature of the homeland security defensive system for emergency response—plus the need to ensure that the emergency system is interoperable and integrated with the existing infrastructure also adds to complexity. Incorporating the requirements of Federal, State, and local responders into a coherent and flexible system is essential but creates a very large-scale problem set. Finally, we are dealing with both a rapidly evolving threat and with constantly evolving technologies. Therefore, there is a crucial need to ensure flexibility in the standards that are developed or they will quickly become unusable, and an obstacle to the deployment of next generation technologies.

We would characterize our progress to date as satisfactory. The process for developing standards traditionally takes a minimum of 18 months and some standards have taken up to 15 or more years to develop. The proposed radiation detection standards have been developed in about 6 months—and the rollout of the draft occurred less than a month after the Department became operational. Our future efforts will continue to use the ANSI existing standards development organizations and their memberships to expedite development and adoption of relevant standards. We also will provide funding to support what were heretofore strictly volunteer efforts, to expedite writing of critical standards for homeland security. We will champion the inclusion of users in all major stages of standards development—including the formulation of operational test protocols. We will also encourage the use of automated tools and web-based review and tracking to streamline the process. The assets provided by ANSI will be leveraged to build on existing standards and standard development expertise to fill the gaps and needs in our current system of standards.

CONCERNS FOR RURAL AREAS

Question. While there is concern about the Nation's largest urban areas being vulnerable to terrorist attacks there should also be equal concern about the Nation's rural areas. Much of the Nation's critical infrastructure such as bridges, highways, railroads, electric power lines, pipelines, and drinking water reservoirs and dams are located in rural America. Advances that have been made in information technology and the internet should make the task of securing the homeland easier and more cost effective by putting this technology to work in rural America to protect these critical infrastructures.

(a) Does the threat and vulnerability, testing and assessment program include funding for technologies and systems which meet the threats that may arise in rural America?

(b) Can you elaborate on the proposed formation and activation of the advanced research and development center that will include advanced technology support to the Department?

Answer. (a) The Threat and Vulnerability, Testing and Analysis (TVTA) program's planned activities address the needs of rural regions in several ways. We are developing advanced information systems, tools and sensors in order to better detect possible terrorist intentions, and to help analysts map threats to specific targets including rural reservoirs, power generation plants, and agriculture. Many of these tools will be designed to be usable by local officials to aid in regional efforts to combat terrorism. The cost of deploying new sensor technologies in remote areas has often been high due to communication infrastructure needs. To enable a lower cost, rapidly deployable alternative, we are planning a demonstration of new capabilities to link sensors to central monitoring stations using existing Federal and private communications infrastructures. New portable technologies to detect threats, such as improved radiation and biological agent detectors, are being developed by the S&T Directorate. Sensors alone cannot solve the problems associated with potential terrorist threats. Looking beyond sensor technology, we will develop models of the be-

havior and motivations of terrorist organizations to better understand the conditions that may lead to a rural attack.

(b) It is the S&T Directorate's role to support the needs and requirements of the Department of Homeland Security. The Science and Technology Directorate carries the responsibility for ensuring that the necessary research, development, test and evaluation (RDT&E) activities are carried out to support the Information Analysis and Infrastructure Protection (IAIP) mission in cybersecurity. To satisfy this mission as it relates to cybersecurity, it is our intention to create a RDT&E center for the Department's cybersecurity needs.

The DHS Cybersecurity Center will team through partnership and cooperation with NSF and NIST. This center will be available to us through the academic community—including partners from industry, the national labs and other government programs. We see this as critical—to combine all resources and efforts across the government R&D community to accelerate the technical solutions towards this issue.

The Center will have five primary roles or functions, as follows:

—Provide communication and coordination among various public and private organizations dealing with the many diverse aspects of cybersecurity. The Center will foster national and international cooperation in creating a robust and defensible cyber infrastructure.

—Support the operational needs of the IAIP Directorate relative to vulnerability assessments and new tools and methods for enhancing cybersecurity. Through public-private interactions, this center will also facilitate the implementation of security-enhancing tools and methods by government and private agencies.

—Direct Support to IAIP: in addition to responding to DHS RDT&E needs, the center may be asked to provide on-call technical expert capabilities in support of emergency response for rapid vulnerability mitigation in response to cyber threats.

—The center will further identify and then implement RDT&E programs to address specific gaps in the R&D community. A unique feature of the DHS Center will be the utilization of existing or the development of test beds where new cybersecurity methods, tools, and approaches can be exercised in a controlled environment and evaluated against common, accepted standards. Developing the test beds and measurement-performance standards will be an element of the center's program.

—In order to have the necessary human resources who possess the requisite knowledge and skills to advance and secure the nation's cyber infrastructure, the center will foster educational programs and curriculum development. This will be done in conjunction with participating universities who can serve as a nucleus for developing and disseminating new materials to have the broadest possible benefit to the nation and the upcoming stream of scientists and engineers.

DEPARTMENT OF HEALTH AND HUMAN SERVICES COORDINATION

Question. The Homeland Security Act authorizes Secretary Ridge to set research and development priorities for anti-terrorist countermeasures, but it also gives authority to the Secretary of Health and Human Services to set priorities in civilian human health-related terrorism countermeasures.

Have you entered into discussions with the Department of Health and Human Services to establish priorities for basic and applied biodefense research?

Answer. Yes. In compliance with Homeland Security Act of 2002, Public Law 107–296, Section 302(2), the Department of Homeland Security (DHS) and the Department of Health and Human Services (HHS) are working together on biodefense research priorities. During the transition period leading to establishment of the DHS, the HHS provided an individual to the Homeland Security Transition Planning Office. Subsequently, several steps were taken to formalize a continuing interaction. An interagency coordinating committee, co-chaired by The Executive Office of the President's National Science and Technology Council (NSTC), the Homeland Security Council (HSC) and the Office of Management and Budget (OMB), has been established as the vehicle for coordinating and prioritizing the national bio-defense research, development, test and evaluation agenda. A Memorandum of Understanding (MOU) between the Department of Health and Human Services and the Department of Homeland Security has been established to enable closer coordination on issues that are specific to DHS and HHS.

Question. How do you propose to cooperate with the Department of Health and Human Services to set priorities and resolve conflicts?

Answer. Two key steps are being taken to formalize our cooperation with the Department of Health and Human Services in setting priorities and resolving conflicts. First, an interagency coordinating committee, co-chaired by The Executive Office of the President's National Science and Technology Council (NSTC), the Homeland Security Council (HSC) and the Office of Management and Budget (OMB), has been established as the vehicle for coordinating and prioritizing the national bio-defense research, development, test and evaluation agenda. This Chemical, Biological, Radiological and Nuclear Research Coordinating Committee (CBRN–RCC) will be the primary vehicle for coordinating and prioritizing the multi-agency annual bio-countermeasures research agenda and portfolio and will be responsible for planning for specific R&D efforts in bio-countermeasures. Second, the Memorandum of Understanding (MOU) established between the Department of Health and Human Services and the Department of Homeland enables closer coordination on issues that are specific to DHS and HHS.

HOMELAND SECURITY ADVANCED RESEARCH PROJECTS AGENCY (HSARPA)

Question. The newly created Homeland Security Advanced Research Projects Agency (HSARPA) was patterned after the Department of Defense's (DoD) Advanced Research projects Agency and intends to speed up the development of technologies that would address homeland security vulnerabilities. There is concern whether the $350 million requested can be effectively and efficiently used and whether the Department of Defense's Advanced Research projects Agency is applicable for homeland security research and development.

What is your schedule for creating this agency, do you intend to staff it with existing personnel or new personnel, and when do you expect it will begin operations?

Answer. HSARPA will be operational no later than June 1, 2003. At that time it will have few dedicated staff, and will be operated by personnel from S&T headquarters in a "dual-hatted" mode. HSARPA will be staffed with new personnel.

Question. What are the major tasks that must be accomplished to create this agency, and what do you consider to be the most difficult challenges you will face its creation?

Answer. Key tasks are staffing, and developing the contracting processes needed to access the private sector. Staffing HSARPA with people of the highest quality, and with knowledge and skills at the cutting edge of technology, represents the most difficult challenge in setting up the Agency.

Question. Of the $350 million requested for this new entity in how much of these funds include efforts funded elsewhere in the Department or by other agencies in fiscal year 2003 and prior years and how much represents funding for new activities?

Answer. All of the efforts contemplated for HSARPA in fiscal year 2004 are either new starts in fiscal year 2004, or continuations of activities started within DHS (S&T) in fiscal year 2003.

Question. How much of the $803 million requested for the Science and Technology Directorate in fiscal year 2004 continues ongoing programs, and how much funds new research and development activities? How much of these funds goes for actual technology and systems development and how much for more generic basic and applied research?

Answer. $400 million of the $803 million represents new activities. The remainder are continuations or enhancements to activities initiated in fiscal year 2003. How much of the funds will go for actual technology development versus basic and applied research is difficult to answer at this time; DHS does not break down its RDT&E efforts into 6.1–6.4 categories like DOD. It is safe to say, however, that our initial focus will not be in basic research (6.1), but rather 6.2–6.3 (to use DOD categories). There are exceptions, however. Some of the cyberforensics efforts will be 6.1 in nature, as will our efforts in the social sciences (such as behavioral or autonomic indicators of hostile intent, or efforts to develop an understanding to peoples' reactions to threat warnings).

Question. The largest component of these funds is $365 million for Biological Countermeasures, much of which may be executed through the less than 1-year old National Biodefense Analysis and Countermeasures Center that transferred from DOD. How much of these funds are for new activities, and how much for efforts less than 1 year old that have transferred from DOD?

Answer. Of the $365 million in the fiscal year 2004 Biological Countermeasures budget, approximately $180 million is for the National Biodefense Analysis and Countermeasures Center (NBACC). Of that $180 million, $90 million is for continuation of activities begun in fiscal year 2003 to address recognized deficiencies in the nation's preparation and response to bioterrorism. The remaining $90 million is for

initiation of construction of the NBACC facility that is a continuation of the $5 million fiscal year 2003 investment in construction planning and design. These are activities over and above existing Department of Defense programs, the need for which was recognized by both the then Office of Homeland Security and the Department of Defense in their original request for NBACC. The Homeland Security Act of 2002 transferred these responsibilities to the new Department of Homeland Security.

Question. How much of these funds are for continuing older activities at DOD?

Answer. None of the requested NBACC funding is for continuing older activities at the DOD. The NBACC appropriations and programs were initiated in fiscal year 2003 to address recognized deficiencies in the nation's preparation and response to bioterrorism. These are activities over and above existing Department of Defense programs, the need for which was recognized by both the then Office of Homeland Security and the Department of Defense in their original request for NBACC.

Question. Do you intend to alter any of the research priorities established by DOD for these programs?

Answer. There is no intent to alter the vision or research priorities of the National Biodefense Analysis and Countermeasures Center (NBACC) program identified by the Department of Defense (DOD). The Department of Homeland Security (DHS) supports the NBACC research priorities originally established by the DOD, and now supported by DHS. The NBACC program includes addressing the issues of characterization of these biological threats. Highest priority is given to this risk and vulnerability analysis, which identifies the nature of newly emerging threats and potential countermeasures to mitigate these threats. This information and data will comprise a net assessment and will be used to provide a scientific foundation to comply with the provisions of Public Law 107–296, Section 302(2). The NBACC will operate in a hub and spoke laboratory model, with the majority of the funds distributed to high value facilities in academia, industry and the national laboratory system. Four centers are being established in fiscal year 2003, each setting research priorities, and each partnered with a principal Federal agency. The Bioforensics Center, as an example, is partnered principally with the Federal Bureau of Investigation (FBI) to develop an unimpeachable program for analysis and attribution studies of biological materials obtained from legal casework or foreign materials identified as potential bio-terrorist or biological warfare threats.

Question. The submitted statement indicates that the $137 million sought for Radiological and Nuclear Countermeasures will, in part, fund concurrent efforts to deploy, evaluate, and improve currently available technologies and R&D on advanced technologies.

Concurrent efforts usually require a certain level of maturity in the underlying technologies before they can deployed successfully. What technologies in this area do you think will be mature enough to support this type of development in fiscal year 2004?

Answer. Nuclear material portal monitors, hand-held search and isotope identification equipment, personal dosimetry devices, and imaging systems are commercially available. Immediate limited deployment in fiscal year 2004 of this equipment in varied operational and environmental contexts will meet three objectives: getting available nuclear detection equipment into the field at key locations, focusing research and development by more thorough elucidation of technical limitations and operational issues and constraints of existing commercially available equipment, and establishing field test-beds for rapid testing and evaluation of prototype equipment as it becomes available. This three-pronged approach is important for assuring that the right research and development projects are pursued and that the products can be quickly and effectively implemented into the countermeasure system that meet end-user needs.

Question. Within the limits of unclassified information, what are the most promising advanced technologies that you will be developing in the Radiological and Nuclear Countermeasures area?

Answer. The existing nuclear technology base was developed for applications including nuclear materials safeguards, environmental monitoring and clean-up, and nuclear facility decommissioning and demolition. This technology base is an important starting point for advanced technology research and development initiatives that address current and future nuclear and radiological threats. These initiatives include technologies for passive detection and discrimination of radiological and nuclear materials that will benefit multiple DHS missions. Specific passive detection thrust areas include room temperature detector technologies, imaging systems, low-cost detector concepts, and mobile detection systems. Active interrogation technologies will also be developed to address critical gaps in our current capabilities (e.g. detection of highly enriched uranium and shielded nuclear and radiological ma-

terial). Concepts in this area include gamma-induced fission systems and neutron interrogation systems. New capabilities to search for and neutralize threats are needed and will be pursued; specific areas include broad area search and characterization, information analysis and assessment, and render safe technologies. Development efforts to provide rapid detection, triage and decontamination technologies will address identified consequence management and recovery technology gaps.

Question. The submitted statement discusses plans for "continuous insertion (of these advanced technologies) into operational use." A major challenge for research and development activities is the actual transition of technologies into fielded systems. Incomplete, delayed, or unsuccessful transition is not uncommon, at least in Defense Department advanced technology programs.

What specific steps will you take to minimize the problems usually associated with transitioning advanced technologies into operational use?

Answer. Technology transition is a key goal for the DHS S&T Directorate. We are taking a multilayered approach. First, we involve the user community at the outset of any project we undertake in order to develop program goals. As the program matures, the user community will also contribute to the development of system requirements and operational concepts. Second, we will engage in demonstrations periodically through the development process to generate feedback from the user and reduce technical risk. Finally, HSARPA will engage, where appropriate, in pilot deployments of the technology, where operators use the equipment in an operational setting while DHS S&T provides technical support and funds the operations and support costs. This pilot deployment concept reduces operational risks to the user, provides insight for product improvement, and allows the user to budget for system procurement and support costs at an appropriate level of maturity.

Question. In providing support for other DHS components, such as the Coast Guard and Border and Transportation Security Directorate, you stated says "research and development in potentially high payoff technologies will be emphasized."

What potentially high payoff technologies exist in this area, and how do they differ from those already being developed by R&D funds sought in separate R&D budget requests in some of these components, such as TSA and the Coast Guard?

Answer. The purpose of DHS S&T is to ensure alignment with the National Strategy and implement an overall DHS/S&T strategy. The DHS S&T strategy includes coordinating and incorporating the strategies of individual components such as TSA and Coast Guard to ensure our efforts are leveraged to the maximum extent possible.

From the Coast Guard's perspective, the greatest opportunities with S&T funding lie in developing technologies for the detection of threats in the chemical, biological, radiological and nuclear (CBRN) domain. The tools developed by S&T's investments will have significant applicability for the U.S. Coast Guard in the maritime environment. The Coast Guard is positioned in this effort to work with S&T to help integrate various types of sensors to improve overall capability, including portability, and to identify capability gaps in detection where technology offers opportunities. The support and collaboration DHS S&T provides will accelerate the development and deployment of these critical CBRN detection technologies and capabilities; clearly the CG enjoys a complimentary relationship with DHS S&T in this endeavor.

Another high payoff technology example is Unmanned Aerial vehicles (UAVs) for both Border and Transportation Security as well as Coast Guard applications. DHS S&T is investigating whether implementing UAVs could strengthen security along the borders and ports as well as monitoring the safety and integrity of critical infrastructures. Additionally, as part of the Integrated Deepwater System, the Coast Guard plans to utilize UAVs.

High payoff technologies to detect and counter biological, chemical, and radiological and nuclear threats and attacks will benefit multiple components of DHS.

Question. DHS statements about its R&D activities frequently refer to rapid prototyping, and $30 million of the $803 million requested is "to solicit from the private sector near-term capability that can be rapidly prototyped and fielded."

Is this $30 million the only funding for rapid prototyping efforts, and what are the key technologies and capabilities that you believe are ready for rapid prototyping?

Answer. The $30 million is intended to solicit from industry near-term technologies that may be available for rapid prototyping in priority areas in homeland security. Our expectation is that this will be sufficient funding for that purpose. Areas of interest where we expect substantive responses include personal decontamination technologies; protective gear; remediation technologies; sensors; cybersecurity capabilities; public training and outreach tools; and forensics.

Question. The private sector is naturally optimistic about the readiness of its technologies for rapid prototyping. What factors will you evaluate to assess whether rapid prototyping potential is real or overstated?

Answer. We will rely heavily on evaluating the technology on its scientific and engineering merits; the maturity of same; operational suitability (in terms of false alarm and miss probabilities, throughput, training, reliability, and support costs); and manufacturability.

Question. What are the principal components of the $803 million request that comprise the $350 million intended for the new Homeland Security Advanced Research Projects Agency?

Answer. The research activities that we will conduct in HSARPA cut across the priorities for DHS S&T. Thus, the research activities planned include:

—*Biological Countermeasures.*—This includes remediation technologies, and development of the next generation of environmental sensors.

—*Chemical Countermeasures.*—This includes remediation technologies and development of facilities monitoring and response systems.

—*High Explosives Countermeasures.*—Included here are activities designed to detect at range large quantities of high explosives (i.e. truck bombs).

—*Radiological and Nuclear Countermeasures.*—Included here are new concepts for actively probing for the presence of fissile material, and for taking advantage of long residence times in ship containers to passively detect fissile material.

—*Critical Infrastructure Protection.*—Included here is reaching out to the academic community to develop and test methodologies for systematically revealing interdependencies among infrastructures.

—*Support to DHS Components.*—Included here are activities supporting conventional missions of the Department, such as advanced biometrics, and advanced techniques for monitoring the border.

—*Rapid Prototyping Program.*—Organizationally, the technology clearinghouse is managed under HSARPA. Thus, the TSWG BAA, and rapid prototyping activities occur here.

—*IT Infrastructure.*—Included here is developing advanced scalable techniques for organizing extant disparate databases and conducting queries of same efficiently.

QUESTIONS SUBMITTED BY SENATOR TED STEVENS

SAFETY ACT

Question. The purpose of the SAFETY Act provisions (at Subtitle G—Sections 861–865) in the Homeland Security Act was to encourage immediate deployment of existing anti-terrorism technologies—especially for high risk potential targets. However, nothing has yet been done to implement the SAFETY Act. We understand that OMB has drafted implementing regulations that are awaiting review at the Department of Homeland Security.

When will these regulations be issued?

Answer. It is not possible at this time to identify a specific date on which these regulations will be issued. The regulations to implement the SAFETY Act are a high priority and are presently under review at DHS. DHS is working with the Office of Management and Budget (OMB) to finalize an initial set of SAFETY Act regulations. We expect to publish these regulations for comment very shortly. Following the public comment period, the regulations will be finalized and issued.

Question. Will they be effective immediately?

Answer. The point at which the regulations will become effective following their finalization is also under discussion.

Question. How does DHS plan to staff implementation of the SAFETY Act so that technologies can be qualified quickly?

Answer. DHS has researched using a combination of private and public sector certification efforts to help understand the likely needs—in terms of process, facilities, and staff. DHS will reach out to the private sector to staff and perform specific tasks in the process. DHS will also leverage current USG assets and processes to the extent possible to proceed quickly with SAFETY Act implementation.

Question. In order to avoid the delay associated with a lengthy rulemaking and qualification process, will DHS consider an emergency qualification process that at least lets the top10 high risk sites get technology in place?

Answer. There are plans for both an immediate implementation path, as well as for a longer-term "ideal state" process that would implement the SAFETY Act. The

technologies that will be considered in both types of processes will focus on those technologies and systems that have been demonstrated to make the largest contribution to risk reduction for the homeland security defensive system—and that meet the criteria contained in Subtitle G. Each geographical site and type of facility will have different types of vulnerabilities. They will also have different probabilities for attack and different means of attack will have different consequences. Understanding the contribution of a specific technology on the total system must include consideration of the synergies and the respective degree of impact on overall risk.

Question. What steps can DHS take right away to qualify key technologies for high priority sites?

Answer. An expedited process for consideration of high profile, high-consequence technologies is being developed. The technologies must meet the criteria of Subtitle G. They must also be assessed to be effective with respect to significant reduction of overall system vulnerability and adequate information and data must be available to allow DHS to address the effectiveness and adequacy of the technology in the system context.

Question. Is it correct that DHS has several pending applications for qualification?

Answer. DHS does not have an application process in place. The process will be contingent upon issuance of regulations. Public notification of the application process and of the select categories of technologies that will be considered for certification will be made through the DHS website after regulations are issued.

Question. Does DHS have a list of high priority sites and their needs?

Answer. DHS has been considering overall system vulnerabilities and methods to assess gaps and needs. Many methods have been used to develop this understanding, and much of this knowledge has been derived from studies done by other USG agencies that had homeland security responsibilities prior to March 1, 2003. This process will become increasingly more rigorous as a more complete suite of tools is developed and implemented. Thus, we expect our assessment of high priority aspects of the system to evolve in response to both increased understanding and with changing conditions.

Question. If not, what can be done to get that information rapidly before DHS?

Answer. The question of specific sites versus system vulnerability is answered above.

Question. What else can we do to reduce delay in making this technology available?

Answer. It is critical that, both in the initial stages of SAFETY Act implementation as well as in the future when the process has reached its ideal state, that only the most important technologies, in terms providing major risk reduction, are considered for certification. The system will quickly become overloaded and extremely burdensome if every conceivable technology must be reviewed or evaluated.

Question. Can you report back to us within a week as to how an emergency process might begin?

Answer. Until DHS and OMB have completed their review and have issued guidance for the actual implementation of the SAFETY Act, it would be premature to discuss an emergency process. However, much thought and research is going into this topic so that the Department will be prepared to move out quickly after issuance of the guidance.

QUESTIONS SUBMITTED BY SENATOR MITCH MCCONNELL

Question. Would you please describe the process that the Department, or more specifically, the Science and Technology Directorate, will use in soliciting and evaluating research proposals so as to ensure that the highest quality proposals receive funding?

Answer. In all cases the Department will rely on review by experts in the field. In addition, for directed (e.g. applied) research, selection criteria will also include responsiveness to the programs needs, schedule and cost realism, and key personnel.

Question. Would you please describe what proportion of the Science and Technology efforts of DHS will focus on basic research and what proportion will focus on application of new technology?

Answer. This question is difficult to answer at this time; DHS does not break down its RDT&E efforts into 6.1–6.4 categories like DOD. It is safe to say, however, that our initial focus will not be in basic research (6.1), but rather 6.2–6.3 (to use DOD categories). There are exceptions, however. Some of the cyberforensics efforts will be 6.1 in nature, as will our efforts in the social sciences (such as behavioral

or autonomic indicators of hostile intent, or efforts to develop an understanding to peoples' reactions to threat warnings).

Question. Presumably, universities and private sector industries will conduct much of this research. What proportion of total research funding will be provided to universities and what proportion will be provided to the private sector?

Answer. At this time, no requests for proposals for the work have been issued or proposals received. We will award funds based on technical merits, responsiveness to program needs, schedule and cost realism, and other metrics as appropriate. However, some funds will be applied to university centers of excellence, and to graduate and postdoctoral research efforts in support of homeland security. The President's budget request includes $10 million for these latter activities.

Question. In your testimony you mentioned that you are requesting "$10 million to support strategic partnerships with the academic community to provide support for qualified students and faculty." I believe other Federal agencies that fund research also fund graduate fellowship or traineeship programs. Will the Department, or more specifically, the Science and Technology Directorate, fund graduate fellowships or traineeships? If so, would you please describe in general terms how that funding program will operate?

Answer. The S&T Directorate is committed to building a cadre of dedicated scientists and engineers who will pursue careers in homeland security related disciplines and who will, in turn, encourage the next generation of experts to follow in their footsteps. To that end, we are working with national organizations such as the American Association of Universities, American Association for the Advancement of Science, the National Academy of Sciences, and the National Science Foundation to develop mechanisms that maximize our ability to tap the wealth of talent at the nation's universities and colleges to pursue disciplines related to the diverse portfolio of homeland security programs. A key element of this effort will be the establishment of the Homeland Security Scholarship and Fellowship Program. Our goal is to make this a premier program—on par with those of NIH, NRC, NASA and others—that encourages outstanding students and faculty to work in homeland security related fields. The key to making this program a success will be the engagement of university and college faculty and administration throughout the process. In fiscal year 2004 we will model the execution of this program on the fellowship/scholarship programs sponsored by the National Science Foundation.

QUESTIONS SUBMITTED BY SENATOR RICHARD SHELBY

Question. What is the Directorate doing to develop a national structure for science and technology analysis and development?

Answer. Section 302(2) of the Homeland Security Act requires the development of a national strategy and policy for homeland security research, development, test and evaluation (RDT&E). In fiscal year 2003, DHS S&T is committing $10 million to develop this strategy, which includes efforts to catalog Federal efforts in this area, and, working with the Information Analysis and Infrastructure Protection Directorate, conducting threat analysis and vulnerability assessments to assist in prioritizing the national effort.

Question. Alabama, and specifically the Huntsville metropolitan area, offer a unique opportunity for the Department of Homeland Security's Science and Technology Directorate. The Huntsville area maintains one of the highest, if not the highest, number of PhD's per capita in the nation. These individuals' immeasurable expertise in areas unique to the Homeland Security and Defense industries is too great a resource to leave untapped by the Department. I would encourage you to consider the Huntsville area when you continue to discuss the framework of the Science and Technology Directorate. To that end, what is the Directorate doing to take advantage of this great source of information, analysis, and invention?

Answer. DHS S&T is well aware of the technical and scientific capabilities resident in the Huntsville area, which includes many significant Federal systems engineering and scientific facilities such as NASA, SMDC, MICOM, as well as a significant and highly capable contractor base. DHS S&T will avail itself of the entire National RDT&E enterprise, including as appropriate the significant capabilities resident in Huntsville, Alabama. Dr. McQueary visits the Huntsville area on May 12, 2003, as a result of their invitation.

QUESTIONS SUBMITTED BY SENATOR LARRY CRAIG

CRITICAL INFRASTRUCTURE PROTECTION

Question. I have worked with the Department of Energy for some time, on programs to secure the nation's critical infrastructure from attack. I have worked to provide funding in Energy and Water for the establishment of a Critical Infrastructure Protection Test Range at the Idaho National Engineering and Environmental Laboratory. I think it is essential to actually put these systems under mock attack and see if the protection technologies work. Much effort is being expended to develop extensive models of our critical infrastructures and their interdependencies. There is no question that protection of our critical infrastructures is a vital priority for our nation. However, I have concerns that huge sums are being invested in computer models without having adequate data to support them. Idaho's lab provides a unique capability to do this, because it is a remote, 900 square mile Federal installation with its own electrical, communications and water systems. Almost like a virtual city, it has everything from its own traffic lights to its own nuclear reactors. Given my work on this issue, however, I would suggest to you that your requested budget for critical infrastructure protection—$5 million out of a budget of $803 million—is inadequate. This isn't sufficient to develop technologies, much less test them. I will be looking closely at your plans in this area.

Please explain the requested level of your budget given our security needs in this area.

Answer The S&T Directorate has actually budgeted a total of $15 million for Critical Infrastructure Protection for fiscal year 2004. In addition, there will be several technology programs in the Critical Infrastructure Protection area supported by the Information Analysis and Infrastructure Protection Directorate which is DHS' lead component for critical infrastructure protection, and with which S&T's activities are coordinated. There is a need for data for model validation and experimental verification of all computer models, simulations, and analyses. We have met with the staff of the Idaho National Engineering and Environmental Laboratory and they are working with us to develop Critical Infrastructure Protection R&D programs.

RADIOLOGICAL ATTACK

Question. Much of the work of countering the threat of radiological attack resides in detecting these materials before they are brought into an area and detonated. Department of Energy national laboratories have been doing work on this issue for years. Through their work on nuclear fuel cycles, DOE labs such as Argonne, have a lot of expertise in detecting and measuring radiological events. I would not want to see this work duplicated elsewhere.

Could you provide for the record any plans you have for conducting research on detection and intervention capabilities along these lines at the national laboratories?

Answer. Detecting materials that might be used in a radiological attack requires understanding the potential threats and how specific technologies and systems of multiple technologies can impact these threats. Research and development in systems integration and systems analysis will provide an effective, integrated system architecture and the capability for regularly assessing and rapidly optimizing the nuclear countermeasure system. Development of needed detection technologies and countermeasure systems will build on the previous efforts of the national laboratories. Detecting radiological and nuclear threats before they become dangerous requires new capabilities for new operational deployment strategies. These new technologies and systems will augment the currently available capabilities (commercially or from government and academic laboratories) that can be employed today in the nuclear countermeasure system.

QUESTIONS SUBMITTED BY SENATOR ROBERT C. BYRD

UNDER SECRETARY FOR SCIENCE AND TECHNOLOGY

Question. For each portfolio and activity described in the congressional budget justification, please provide a detailed description of the programs and initiatives being funded in your base budget as well as the request for fiscal year 2004, including the cost associated with each.

Answer. See table below. For the fiscal year 2003 base, which reflects activities transferred to the Department in Public Law 107–296, a reprogramming letter has been submitted to the House and Senate Appropriations Committees.

	Appropriated FY03	FY03 Reprogrammed	2004 Request
Biological Countermeasures			
Sys analysis	$ 4	$ 8	$ 8
Urban/NSSE deploy	$ 273	$ 49	$ 23
Albuquerque Demo	$ 29	$ 29	$ -
Decontamination	$ 5	$ 5	$ 10
Adv sensor development / Detection	$ 37	$ 57	$ 40
Health/ag surveillance	$ -	$ 2	$ 4
Plum Island	$ 16	$ 16	$ 30
Nat'l Biodefense & Countermeasures Center (R&D)	$ 113	$ 78	$ 90
Nat'l Biodefense & Countermeasures Center (Const)	$ 5	$ 5	$ 90
Bioforensics	$ 10	$ 10	$ 15
Command and Control Systems	$ 5	$ 5	$ 5
Signatures/Assays	$ 20	$ 20	$ 30
Field Tests	$ -	$ -	$ 20
Subtotal:	**$ 517**	**$ 284**	**$ 365**
Radiological and Nuclear Countermeasures			
Systems Analysis	$ -	$ 5	$ 5
Systems Integration	$ -	$ -	$ 5
Sensor R&D	$ 10	$ 40	$ 77
Detection Systems Product Improvement	$ -	$ 15	$ 15
Remediation/Rad/nuc Consequence Mgmt	$ -	$ 7	$ 15
Response team R&D / Rad/nuc Crisis Response	$ -	$ 3	$ 10
Rad/nuc attribution	$ -	$ -	$ 5
Demonstrations	$ -	$ 5	$ 5
Subtotal:	**$ 10**	**$ 75**	**$ 137**
Chemical Countermeasures			
Systems analysis	$ -	$ 1	$ 2
Detection technologies	$ 12	$ 15	$ 20
Forensics and Attribution	$ -	$ -	$ 6
Remediation	$ -	$ 3	$ 20
Field Tests	$ -	$ -	$ 5
Systems Analysis & Mod-Sim	$ -	$ -	$ 2
Subtotal:	**$ 12**	**$ 19**	**$ 55**
High Explosives Countermeasures	**$ -**	**$ -**	**$ 10**
Threat and Vulnerability Testing and Assessment			
Prototype / Testbeds & Interoperability Demos	$ -	$ -	$ 3
WMD Assessments	$ 7	$ 7	$ 10
Advanced Scientific Computation	$ 3	$ 5	$ 7
Cyber Security	$ -	$ 5	$ 7
Threat Analysis & Warning System R&D	$ -	$ -	$ 18
Determination of Intent	$ -	$ 15	$ 15
Net Assessment	$ -	$ -	$ 15
Threat Analysis and Warning System Prototype	$ -	$ -	$ 15
Subtotal:	**$ 10**	**$ 32**	**$ 90**
Standards/State&Local Programs	**$ 5**	**$ 20**	**$ 25**
Rapid Prototyping	**$ -**	**$ 33**	**$ 30**
Emerging Threats	**$ -**	**$ 13**	**$ 22**
Critical Infrastructure Protection	**$ -**	**$ 5**	**$ 5**
Support to DHS Components			
Emerg. Resp. & Recovery Mission R&D Suppt	$ -	$ -	$ 15
Borders & Transport. Mission R&D Suppt.	$ -	$ -	$ 30
USCG Mission Support	$ -	$ -	$ 5
USSS Mission Support	$ -	$ -	$ 5
Subtotal:	**$ -**	**$ -**	**$ 55**
HS Fellowship Programs / Univ Programs	**$ -**	**$ 3**	**$ 10**
Botulinum Antitoxin	**$ -**	**$ 50**	**$ -**
IT Infrastructure	**$ -**	**$ 20**	**$ -**
TOTALS:	**$ 554**	**$ 554**	**$ 804**

Numbers rounded to nearest thousand.

Question. Provide the number of FTE associated with each portfolio and activity described in your fiscal year 2004 budget justification.

Answer. See table below:

	Fiscal Year Request	FTE
Biodefense	$365	63

	Fiscal Year Request	FTE
Nuc/Rad	137	22
Chemical Countermeasures	55	10
High Explosives	10	2
Threat and Vulnerability Testing and Assessment	90	16
Standards/State & Local Programs	25	4
Rapid Prototyping	30	5
Emerging Threats	22	4
Critical Infrastructure Protection	5	2
Support to DHS Components	55	10
HS Fellowship Programs/Univ Programs	10	2
TOTALS	804	[1] 140

[1] Excludes 40 FTE's associated with the Directorate's management and 61 FTE's for the Environmental Measurements Laboratory.
Note: Numbers rounded to nearest thousand.

Question. For each office on the "S&T Organizational Chart" provided to the Subcommittee provide a budget estimate and associated FTE's for fiscal year 2003 and fiscal year 2004.

Answer. The Directorate will have 79 FTEs associated with the Office of the Under Secretary; the Office of Plans, Programs and Budget; the Office of Research and Development; and HSARPA. The estimated salary cost of fiscal year 2003 FTE's is approximately $8.5 million. The S&T Directorate plans to have a staffing level for fiscal year 2004 of approximately 180 FTEs plus 61 FTE for the Environmental Measurements Laboratory (EML). The estimated salary cost of these FTEs is approximately $22 million to $27 million.

Question. On page 25 of your budget justification, no funding is provided for "Adjustments Necessary to Maintain Current Levels." Does the fiscal year 2004 budget account for the President's proposal for pay or any other economic assumptions? Provide an explanation of why "Adjustments to Maintain Current Levels" are not included in your fiscal year 2004 budget estimates.

Answer. Yes, the budget accounts for the President's pay and economic assumptions. These amounts are included in the budget numbers in fiscal year 2004 but not specifically broken out in Adjustments to Maintain Current Levels. Because most of the Science and Technology fiscal year 2004 activities are new or significantly increased, the portfolio-by-portfolio estimates were developed assuming that increases for pay and other economic assumptions would be accounted for within the overall portfolio growth.

Question. Pursuant to Public Law 107–296, provide a detailed list of the functions transferred from other agencies to the Science & Technology Directorate, including personnel (FTE) transferred, physical infrastructure (if any), and associated funding with each function transferred.

Answer. The Environmental Measurements Laboratory, Department of Energy, with an authorized 61 FTE's and 53 existing personnel transferred to the S&T Directorate. Six FTE's as well as the six incumbents of the National Nuclear Security Administration (NNSA), Department of Energy, also transferred to the Directorate.

Transferred From	Program Description	FTEs	Personnel	Funding
Energy	Chemical Biological National Program	4	4	$48,005,527
	Nuclear Smuggling	.....	.....	.....
	Nuclear Assessment Program	2	2	5,584,000
	Biological and Environmental Research	.....	.....	20,000,000
	Advanced Scientific Computing R & D	.....	.....	3,068,000
	Environmental Measurements Laboratory	61	53	3,048,287
Agriculture	Plum Island Animal Disease Center	.....	.....	([1])
Defense	Biological Research and Defense programmatic activities	.....	.....	420,000,000

[1] Determination Order has not been finalized, since Plum Island Animal Disease Center transfers 6/03 to DHS.

Question. What is your current on-board staffing level? What is your estimated staffing level for the end of fiscal year 2003? To better understand the makeup of the Science and Technology Directorate's workforce, provide a list of all positions by grade and job title or job classification.

Answer. As of April 22, 2003, the entire S&T Directorate has 92 personnel working. Thirty-seven are in the immediate Office of the Under Secretary; the Office of Plans, Programs, and Budget; and the Office of Research and Development. Two are in HSARPA. Fifty-three are at the Environmental Measurements Laboratory (EML)

in NYC. The 92 personnel consist of permanently assigned employees, employees detailed from within and outside DHS, Intergovernmental Personnel Act (IPA) assignments, and contractor support from the National Laboratories. The Directorate anticipates filling its 79 authorized FTE's, not including the 61 authorized the EML, by the end of fiscal year 2003. The Directorate may not be able to fill the 8 vacant FTE's at EML until the funding issue is resolved. Funding was transferred from DOE to cover only the 53 filled positions.

The Directorate is currently writing position descriptions and having them classified. At this point, we are unable to provide a list by title, series and grade. Most of the positions will be classified as GS–13, 14, 15, ST, and SES and will be in the engineering (800) and sciences (400, 600, and 1300) series. Supporting positions will be primarily administrative, analytical, and program management at the GS–7 through 15 in the 301, 340, 343, and 1515 series.

Question. Provide the number of employees detailed from other agencies that are currently working for the Science and Technology Directorate.

Answer. As of April 22, 2003, the Directorate had a total of seven personnel on detail from outside the Department

Question. Provide a list (if any) of contracts entered into with federally funded research and development centers in fiscal year 2003, including the name of the research center and the amount of the contract.

Answer. No contract has been entered into at this time in fiscal year 2003 with any FFRDC. DHS (S&T) is planning on contracting in the near term with the MITRE Corp to provide studies and analyses in support of our system engineering mission, for a sum of $1.2 million.

Question. When will the Homeland Security Advanced Research Projects Agency (HSARPA) be established? How many employees will be employed at the HSARPA?

Answer. HSARPA was established by Public Law 107–206, November 2002, and will be operational no later than June 1, 2003. At that time it will have few dedicated staff, and will be operated by personnel from S&T headquarters in a "dual-hatted" mode. HSARPA will be staffed with new personnel. Currently planned FTE count is 56 at the end of fiscal year 2004. This number may change as program requirements and workload are analyzed in more detail.

Question. Provide a list of all ongoing R&D activities, by agency and funding amounts, within the Department of Homeland Security.

Answer. Outside of the S&T directorate, the following R&D activities are underway in the Department of Homeland Security:

—The Transportation Security Administration (TSA) request includes $75.2 million for research through TSA's Technology Center.

—The Coast Guard request includes $22 million in fiscal year 2004 for research and development projects in areas such as contraband detection, vessel stopping, Command Center Concept Exploration, and Intelligent Waterways Research.

—The Information Analysis and Information Protection (IAIP) Directorate request includes $5 million in fiscal year 2004 for cybersecurity research projects conducted by the National Communications System.

Question. Describe efforts underway to coordinate and integrate all research, development, demonstration, testing, and evaluation activities of the Department of Homeland Security.

Answer. The S&T Directorate is working very closely with the other operational directorates in DHS to coordinate and integrate the RDT&E portfolio of the Department. To that end, all the S&T Portfolio managers also serve as liaisons to one of the operational organizations (e.g., BTS, IAIP, EP&R, USCG, USSS) with many of these staff being matrixed from their home organizations. The S&T budget directly reflects requirements identified by these end-users. In addition, the S&T Directorate has assumed government oversight for the Federal laboratories that transferred into the Department in fiscal year 2003. The S&T Directorate has an Office of Federal Laboratories that is responsible for ensuring that these facilities and programs are integrated into the overall RDT&E enduring capability of the Department.

Question. Provide a list of Research & Development contracts the Science & Technology Directorate has entered into in fiscal year 2003 and those planned for fiscal year 2004. For fiscal year 2003, the list should include the amount for each contract and the entity receiving the contract.

Answer. The S&T Directorate has not yet entered into any new R&D contracts in fiscal year 2003. The S&T Directorate has assumed responsibility for direction and guidance for those programs transferred from other agencies to the S&T Directorate, including their existing R&D contracts. We will provide additional information on the scope and nature of those transferred programs upon request.

The S&T Directorate has not yet determined the R&D contracts needed for fiscal year 2004 as these will be based on the final fiscal year 2004 program plans and user requirements to meet the DHS mission.

Question. For the Homeland Security Institute and the Homeland Security Science and Technology Advisory Committee, provide a timeline for the establishment of each organization, including progress to date and associated costs.

Answer. The Homeland Security Science and Technology Advisory Committee will be established before the end of fiscal year 2003. The Homeland Security Institute will also be established before the end of fiscal year 2003. For the latter, a draft Request for Proposal (RFP) has been created, in consultation with Department of Defense FFRDC management.

Question. Provide a summary of the Homeland Security Institute and the Homeland Advisory Committee's roles and responsibilities in furthering the development of homeland security science and technology.

Answer. The Homeland S&T Advisory Committee will operate as a board of directors for the Directorate, in terms of providing strategic advice, management advice, and undertaking focused studies and projects as needed. The Homeland Security Institute will provide analytic support of unquestioned objectivity in such areas as threat and vulnerability assessments, technical assessments, cost analyses, systems analyses, test and evaluation criteria, and actuarial analyses.

Question. Provide a list of cities where the Biological Warning and Incident Characterization System (BWIC) has been deployed, including plans for future deployment.

Answer. The first phase of BWIC is known as BioWatch. The BioWatch deployment is more extensive than originally planned because of the war in Iraq and the associated heightened alert status. As a result, BioWatch is currently collecting data in 26 of the most populated cities. These cities are: New York, Los Angeles, Chicago, Houston, Philadelphia, Phoenix, San Francisco, Dallas-Ft. Worth, Boston, Detroit, Atlanta, Miami, Minneapolis-St. Paul, Cleveland, San Diego, St. Louis, Denver, Tampa, Washington D.C., Baltimore, San Antonio, Austin, Columbus, and Milwaukee. Please treat this list as For Official Use Only since revelation as to which cities do or do not have BioWatch might influence subsequent terrorist activity.

If the current decreased alert status continues, it is our intent to scale back at the end of fiscal year 2003 the number of BioWatch cities to a subset of those highest on the threat list and to work with the Environmental Protection Agency (EPA) and the Centers for Disease Control and Prevention (CDC) to seek transition funding for these. In fiscal year 2004, we will field a pilot of the next generation wide area detection system in one of these cities. That system will support 50 samples per day at the same operational cost as the existing BioWatch system which handles 10–12 samples per day. Local public health officials have identified this increased sampling as a critical step toward improved consequence management. Concurrently, we will be conducting R&D on advanced detectors which should enable us to upgrade BioWatch by replacing the air filters, which are currently collected manually and then brought to a central analysis lab, with distributed detectors that do the analysis at the point of collection and within an hour—thereby greatly reducing the warning time without increasing the operational costs.

Question. Your fiscal year 2003 reprogramming request, received on April 9, 2003, makes reference to the Biowatch program. What is the difference between the BWIC and Biowatch programs?

Answer. BioWatch is the first phase of an enhanced capability within the Bio-Warning and Incident Characterization System (BWIC). Deployed in response to the heighten tensions surrounding the Iraq conflict, BioWatch provides for early detection of possible aerosolized release of key agents in many of our cities and metropolitan areas. It does so by deploying aerosol collectors at existing EPA sites in and around these cities, then collecting the filters from these collectors every 24 hours and taking them to the nearest CDC Laboratory Response Network (LRN) lab for analysis. As noted in the answer to S&T–S52 above, the plan is to upgrade this capability in the future to provide increased spatial and temporal sampling while maintaining or reducing the operational costs associated with the current BioWatch pilot.

This upgraded environmental portion is one of three critical arms of BWIC. The second key arm of BWIC is an integrated biosurveillance system. Integrated biosurveillance will augment traditional clinical surveillance with less traditional surveillance techniques such as syndromic surveillance, advice nurse calls, over the counter drug sales and veterinary reports in the desire to provide a still earlier indication of potential exposure to a pathogen. We are currently working with CDC to define the key elements of such an integrated surveillance system. The third key arm of BWIC is to integrate the information from both the environmental moni-

toring (BioWatch) and biosurveillance systems with appropriate consequence managements tools (e.g. plume hazard prediction models and epidemiological models) to provide the incident commanders with the best possible estimate of the extent of the event so as to better guide the response. The integrated combination of these three elements—environmental monitoring, biosurveillance, and their integration into consequence management tools—comprises the BWIC system.

Question. For the $91 million included in the Lands and Structures Object Classification line, please provide a detailed description of the project or projects planned with this funding, the amount for the project or projects previously appropriated, and the total amount necessary to complete the project or projects, the total amount currently authorized (if any), and whether additional authorization is required for the project or projects planned with this funding.

Answer. The National Biodefense Analysis and Countermeasures Centers (NBACC) is to be established on a hub and spoke model with the NBACC hub—high security, biocontainment facilities—located at Fort Detrick, Maryland. The NBACC spoke facilities are partnering Federal laboratories as well as contract public and private sector specialty labs. Existing national biocontainment laboratory infrastructure, especially with the capability for safe, effective and controlled generation of biothreat agent aerosols within biocontainment laboratories, is insufficient to meet NBACC program needs. This was demonstrated by conducting a publicly advertised, sources sought, market survey in April 2002, and by examination of others' construction plans. The NBACC is comprised of four centers: (1) Bioforensics Analysis Center for unassailable analysis to support attribution of the use of biothreat agents (BTA) by criminals, state and non-state actors; (2) Bio-Countermeasures Test and Evaluation Center for validated countermeasure testing against BTA aerosol lab challenge; (3) Biodefense Knowledge Center to provide relevant training, data integration, analysis, and information dissemination while exploiting artificial intelligence technologies; and (4) Biothreat Assessment Support Center for laboratory studies of potential BTA and countermeasure efficacy to provide the essential scientific basis for a BTA net assessment and prioritization. The fiscal year 2003 appropriation supporting the NBACC contained $5 million for facility planning analysis and design; these studies are presently incomplete. Additionally, the NBACC is being planned and coordinated as a component of the biocontainment laboratory infrastructure on the Fort Detrick BioDefense Campus. Participants include the Department of Defense and other Federal departments having operations at Fort Detrick. Since plans are presently incomplete, the full scope of NBACC facility requirements-individually and as shared infrastructure-and the detailed costs and schedules to complete these construction projects is not yet available. Existing authorization for these efforts is sufficient.

Question. Will there be a National headquarters laboratory within the Science & Technology Directorate? If so, where?

Answer. In accordance with the Homeland Security Act, the S&T Directorate has established an Office of National Laboratories. This office has the ability to access the expertise of all of the existing national laboratories through a Memorandum of Agreement signed by the Secretary of Homeland Security and the Secretary of Energy in February 2003. DHS does not intend to establish a headquarters laboratory, but rather, it will sponsor homeland security programs at a variety of sites that leverage the vast talent of the national laboratory complex. The national laboratories are crucial elements of the enduring scientific and technical capability that DHS needs to execute its mission in the long term.

Question. Describe the role the Science & Technology Directorate has played (if any) in responding to the Sudden Acute Respiratory Syndrome (SARS).

Answer. S&T is monitoring the SARS outbreak closely with other Federal and State public health officials. The S&T Directorate has not funded any activities associated with SARS that normally fall under the jurisdiction of HHS, CDC and the Public Health Service.

Question. Your budget shows a $30 million increase in equipment costs in fiscal year 2003 and then a decrease of $30 million in fiscal year 2004. Why was there such a large increase for equipment costs in fiscal year 2003?

Answer. The $30 million is for equipment associated with the Bio-Watch system that will be purchased and deployed in the fiscal year 2003.

QUESTIONS SUBMITTED BY SENATOR DANIEL K. INOUYE

UNDER SECRETARY FOR SCIENCE AND TECHNOLOGY

Question. In your written testimony you state, a key part of our efforts will be conducted through the Homeland Security Advanced Research Projects Agency. It is my understanding that this agency will be modeled after DARPA, a program I have seen first-hand meet with great success. Your fiscal year 2004 budget request assumes that approximately $350 million will be used for this purpose. Could you please provide us with an update on the creation of that Agency and an estimated timetable for solicitation of the first round of grants?

Answer. HSARPA will be operational no later than June 1, 2003. At that time it will have few dedicated staff, and will be operated by personnel from S&T headquarters in a "dual-hatted" mode. However, it is anticipated that several Broad Agency Announcements that cut across the portfolios within the Directorate will be issued soon afterwards.

Question. I support the Directorate's Homeland Security Fellowship Program as an effort to support university-level study of science and technology. It is anticipated that this will help meet our country's need for qualified applicants for security related research and development positions. However, enrollment of U.S. citizens in graduate science and engineering programs has not kept pace with that of foreign students. I understand that this program would provide support to students and faculty, but I believe we need to work to encourage students to enter these fields, not only support those who choose these fields. How would the fellowship program work to entice U.S. citizens to enter into these fields?

Answer. The S&T Directorate is committed to building a cadre of dedicated scientists and engineers in the United States who will pursue careers in homeland security related disciplines and who will, in turn, encourage the next generation of experts to follow in their footsteps. A key element of this effort is the establishment of the Homeland Security Scholarship and Fellowship Program. Our goal is to make this a premier program—on par with those of NIH, NRC, NASA and others—that encourages outstanding students and faculty who are U.S. citizens to work in homeland security related fields. The key to making this program a success will be the engagement of university and college faculty and administration throughout the process.

Question. Your Directorate will develop standards for State and local homeland security infrastructure equipment. Do you anticipate that these standards will be guidelines and suggestions, or do you anticipate that our State and local entities will be required to purchase equipment and implement training programs in compliance with the standards your Directorate develops? If these standards will be mandatory, what financial assistance will the Department provide for the purchase of compliant equipment?

Answer. In accordance with OMB Circular–119, the standards developed and used by DHS for homeland security equipment will primarily be voluntary consensus standards. As such, these equipment standards will function as guidelines that set minimum performance specifications to ensure that the equipment will have basic functionality, will be adequate for the task for which it is intended, and demonstrates a basic level of efficiency, interoperability, and sustainability. In general, specific equipment purchases will not be mandated by DHS. However, we anticipate that the existing grant programs will tie allowable purchases to equipment that has been shown to meet an accepted DHS standard. In addition, if equipment standards are established or mandated as part of a National Incident Management System, then failure to adopt those standards will, per Homeland Security Presidential Directive #5, render a jurisdiction ineligible for any preparedness-related grant or contract funding, not just equipment-related grants. Our plan is to ensure that training programs providing proficiency on equipment that meets standards will also be covered to some extent by the existing USG funding programs. There is great interest from the State and local emergency response community in having the standards needed to make intelligent and potentially life saving decisions when it comes to equipment purchase. Therefore, providing these standards is a very important component of our mission.

HR5005 invests the Secretary with regulatory authority. There may be some very specialized cases where issues of human health and safety dictate promulgation of regulations. Those special cases where specific types of equipment are made mandatory will likely be considered separately in terms of government funding that would be made available for deployment.

SUBCOMMITTEE RECESS

Senator COCHRAN. This concludes our hearing today.

We will continue to review the fiscal year 2004 budget request for the Department of Homeland Security on Wednesday, April 30, at 10 a.m. in room 106 of the Dirksen Senate Office Building. Our witness at that time will be the Secretary of Homeland Security, Tom Ridge.

The subcommittee stands in recess.

[Whereupon, at 2:54 p.m., Thursday, April 10, the subcommittee was recessed, to reconvene at 10 a.m., Wednesday, April 30.]

DEPARTMENT OF HOMELAND SECURITY APPROPRIATIONS FOR FISCAL YEAR 2004

WEDNESDAY, APRIL 30, 2003

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

The subcommittee met at 10:04 a.m., in room SD–192, Dirksen Senate Office Building, Hon. Thad Cochran (chairman) presiding.

Present: Senators Cochran, Stevens, Specter, Domenici, McConnell, Shelby, Gregg, Campbell, Craig, Byrd, Inouye, Hollings, Leahy, Harkin, Mikulski, Kohl, and Murray.

DEPARTMENT OF HOMELAND SECURITY

STATEMENT OF HON. TOM RIDGE, SECRETARY

Senator COCHRAN. The committee will please come to order.

Today, as the subcommittee continues its hearings on the fiscal year 2004 budget request for the Department of Homeland Security, we are faced with historic challenges. For the first time in at least 40 years, Americans are facing direct threats to our country and to our personal safety at our workplaces and in our homes. The new Department of Homeland Security is a key component in the effort to combat terrorism and we are very pleased to have with us today the head of that new Department, Secretary Tom Ridge.

Mr. Secretary, I think you and the President have made impressive progress in the effort to make America safer and more secure. You have worked with the Congress to obtain passage of the Homeland Security Act, to create the Department of Homeland Security and bring together 22 Federal organizations and some 180,000 employees to achieve this higher level of safety and security.

But, we all know that more needs to be done. The President's budget request for this Department for fiscal year 2004 is $36.2 billion. We look forward to your testimony, Mr. Secretary, in support of this budget request.

I also have had an opportunity this morning to read a copy of the remarks that you made on the occasion of the first 100 days of the existence of the Department of Homeland Security that you delivered at the National Press Club here in Washington yesterday. I thought it was informative. You have also prepared a statement for the committee and we will make that a part of our hearing record in full.

We want to be sure as we review this request that we provide a level of funding that is consistent with the threats we face and

that we can reasonably expect to be used to achieve our goal of a safe and secure homeland.

Before proceeding to hear your testimony, I want to recognize Senator Byrd, the ranking Democrat member of the committee, for any opening statement he may have, and then we will recognize other Senators in the order in which they appeared at the hearing. Senator Byrd.

Senator BYRD. Thank you, Mr. Chairman. How are you, Mr. Secretary?

Our country is a great and powerful Nation and we have been able to put a man on the moon and bring him back to earth again. Man has long looked at that moon and longed for centuries to put his foot on that moon. But we haven't been able to perfect a good public address system.

This one may work. Let me thank you, Mr. Chairman. We have a good chairman who is a stickler for getting started on time and I am glad to see that. A few days ago, I said to him, if I am not there on time, go ahead, so we have that understanding, and I thank the other members of the subcommittee for their presence and their interest and their attention.

Ours is a society built on freedom. We have designed our society to make our people and our institutions accessible, with freedom of movement and access to information. You have said, Mr. Secretary, that we are a Nation at war and that another terrorist attack here in America is inevitable. You have said that the attacks such as the attacks of September 11 are long-term threats that will not go away. I do not disagree with that assessment.

Your Department has the responsibility to make careful choices about how to reconcile these goals, openness and the need for security operations which cannot always be open. A proper balance must be found. How do we make America safer without fundamentally changing the quality of a free society? How do we protect ourselves from a threat within our borders while protecting our privacy rights and our freedom to move about this great country? How do we invest the resources and organize our efforts to catch, to apprehend terrorists without trampling on the Constitution?

How do we make sure that the agencies that have been merged into the new Department of Homeland Security but also have specific missions unrelated to homeland security, such as preventing and responding to natural disasters, have the resources to effectively accomplish those dual missions?

Recently, in an interview with Fox News, you said, and I think I am quoting you correctly, "We have to prepare for the inevitability of suicide bombings in the United States." You went on to say, "We will never be immune from those kinds of attacks," and I think you are right. I agree with that.

But I find it very difficult to reconcile that statement with positions that you and others in the administration have taken since November of 2001, positions that have consistently opposed efforts by the Congress to provide critical resources for homeland security, funding for first responders, funding for security on our porous borders, funding for security at our nuclear power facilities, funding for security at our ports through which 7 million containers annually travel with an inspection rate of only 2 percent, for security

at our airports, and for the security of our critical infrastructure such as our clean drinking water systems?

In November of 2001, just 2 months after the attacks of 9/11, you, Mr. Secretary, wrote to the Congress in your capacity as the Director of the Office of Homeland Security and this is what you said. "No additional resources to protect the homeland beyond what the President has already requested are needed at this time." You see, you were writing to me and to Ted Stevens and others. Your message was, basically, let us wait until 2002.

Well, 2002 came and in August of 2002, the President chose to terminate $2.5 billion of funding that Congress had approved as an emergency for a homeland security program, including $423 million of funding for first responders, as well as funding for nuclear security, airport security, and port security. The President, in refusing to designate those $2.5 billion as an emergency, in essence blocked funding for the Coast Guard, the Secret Service, and for the Customs Service for the container security initiative. These are all agencies now under your control. The President's message, basically, was let us wait until 2003.

In January of this year, 2003, I offered an amendment to add $5 billion of homeland security funding to the omnibus appropriations bill for 2003. Once again, the administration opposed the amendment, opposed this amendment, asserting that, and I quote, "it was new, extraneous spending." Well, my amendment was defeated when, once again, the administration argued that homeland security funding could wait, this time until 2004.

In March of this year, with the Nation at war, the President finally requested a $4 billion supplemental for homeland security. Congress approved $5 billion for many of the same homeland security programs contained in the amendment that I offered 4 months ago. Not only has President Bush failed to lead the Nation in addressing these vulnerabilities, he has, in fact, actively opposed efforts to provide the resources necessary to address these significant weaknesses. I find this behavior more than puzzling.

Since 9/11, the President with great fanfare signed legislation to authorize improvements in security at our airports, security at our ports, and security on our borders. The President signed legislation to protect our drinking water. The President announced a plan for State and local governments to vaccinate 10 million first responders for a potential smallpox attack, and yet the President has consistently opposed efforts to provide the essential resources to fund these new priorities, these new authorities.

In November of 2002, when President Bush signed the Department of Homeland Security bill, he announced, "Our government will take every possible measure to safeguard our country and our people." Well, how does one explain this disparity, these divergences?

Well, Mr. Secretary, last Thursday, President Bush was in Canton, Ohio, looking for support for his $1.6 trillion tax cut proposal. In his remarks, he said, according to the newspaper that I read, "Now, you hear talk about deficits." This is President Bush. Allow me just for a moment to pretend that this is President Bush reading it. "Now, you hear talk about deficits, and I am concerned

about deficits, but this Nation has got a deficit because we have been through a war."

Well, I read that statement twice just to make sure that my eyes were still fairly good. Mr. Chairman, this statement troubles me. In the budget that the President transmitted to the Congress on February 4, he did not include one thin dime, not one thin penny, for the costs of the war. And yet his budget proposed deficits of $304 billion in fiscal year 2003, $307 billion in fiscal year 2004, and deficits of $1.4 trillion from fiscal year 2003 through fiscal year 2008. His budget included no funding for war in Iraq and no money for reconstruction of Iraq, and his budget assumed levels of economic growth that exceed current expectations.

So I have to say that based on the record, the deficits did not come from the war, but they are going to come plenty. We just made our first payment, or down payment.

When Americans are being threatened here at home, it is very important that the President be straight with the American people. Mr. Secretary, you have been candid, as candid as you could be, with the Congress and the American people about the nature and duration of the risk that we face. However, we cannot respond to that threat simply by reorganizing. That is a hollow promise to hand to the American people. When we are talking about the physical safety of our people and the future of our economy, we surely have to say more and do more than offer up the tired old bureaucratic bromide of reorganization.

If there is one lesson that we should learn from 9/11, it is that terrorist attacks on our Nation can no longer be viewed as distant threats across the ocean. The enemy may attack our troops or citizens overseas or civilians here at home. We must provide all of the necessary resources to support our troops overseas, and this committee has done that. This committee has been unanimous in pursuing that course.

But we must also provide significant homeland security resources now to meet the real needs that have been authorized by the Congress and signed into law by the President for port security, airport security, border security, and nuclear security, and again, this committee has done that and it has acted unanimously in doing so.

I wouldn't want to be in your shoes if some catastrophe happens next week at a port or at a chemical plant or at a nuclear facility. I hope that you will be a strong and loud proponent of replacing some of this rhetoric with real resources before it is too late.

Mr. Secretary, I am pleased to be here with you today, pleased that you will be testifying before this subcommittee, and I look forward to working with you in the common cause of making America safe and keeping it free. I thank you, Mr. Chairman. I thank you, Mr. Secretary.

Senator COCHRAN. Senator Gregg, if you have an opening statement, you may proceed.

Senator GREGG. I would hope we could hear from the witness and I will reserve my opening statements, although I certainly appreciate the opening statement of the chairman and the ranking member.

Senator COCHRAN. Thank you. Senator Hollings, would you like to make an opening statement?

Senator HOLLINGS. Mr. Chairman, I want to hear from the witness, also, but I want the distinguished Secretary to understand the frustration behind my questions when I get my chance. Osama bin Laden, according to Lloyd's of London, has outright ownership of ten vessels and control of ten more. It was his ship that went into the port of Mubasa in Kenya. The terrorists jumped off, blew up Nairobi, went down and blew up Dar Salaam down in Tanzania, and got back on ship and escaped.

There is no question, since we know every plane that comes to the coast and approaches the United States by transponder, we track them all, in the dark of night a ship could come into the Delaware River. We wouldn't know it. It could go up and easily blow up a tank farm there in Philadelphia in your own back yard. Now, what are we going to do about it?

Well, you will find that the ports themselves are not particularly interested in doing anything about it because they know under law the Coast Guard, the Captain of the Coast Guard, he is responsible, and as far as they are concerned, the port authority, the local authorities, I can tell you from Customs, Immigration, or anybody else, they could care less. All they want to do is move cargo. That is the competition. That is the name of the game.

And the result, we passed unanimously—this is bipartisan, totally bipartisan—100 to nothing a port security bill and we had money. We got over to the House side and the White House and the House leadership played a game with us. They first delayed hearings and everything else. When they finally got to the bottom line, they said, well, wait a minute, this is a tax. We are not going to increase taxes. We argued and finally the House Parliamentarian ruled it was a fee and not a tax.

Then they put us off by saying, well, wait a minute, this originated in the Senate, and under the Constitution, it originated in the House. I said, well, you all rewrite it and you offer it and let's send it back and we will adopt it. We couldn't get them to budge at all, and with that background, I am looking now at port security and I find zero under your budget for port security.

They are supposed to do all the assessments. They are to correlate all of these entities, make assessments, what their plans are, give the security plan then to the Coast Guard. The Coast Guard has then got to sort of approve or alter the plan and then they implement it, and that is the background, Mr. Chairman, and that is the only reason I take this opportunity. Like you, I want to yield. I appreciate the opportunity.

Senator COCHRAN. Thank you, Senator Hollings.

Senator Specter.

Senator SPECTER. Thank you, Mr. Chairman. I just have a couple of comments because while this hearing is on, the Subcommittee on Labor, Health, and Human Services, which I chair, is having a hearing at the same time and I am going to have to attend there, and the Judiciary Committee is having a hearing, trying to move ahead with nominations. But I will do my very best to get back to propound some questions and have a discussion.

At the outset, Mr. Secretary, I thank you for your service. You have taken on a very, very tough job. You left the governorship of

Pennsylvania. You and I have worked together for the better part of three decades and I thank you for what you are doing.

One subject that I want to comment about very briefly involves reports that have just been released. Two reports conclude that many Federal agencies are still failing to share critical information about terrorist suspects with other agencies because of both cultural and technological barriers, and the reports go on to say that goals set by the Bush administration and Congress last year to promote the sharing of terrorist information remain largely unmet and that the Federal agencies criticized have agreed with the general findings.

I bring this subject up at the outset because, as you know, Mr. Secretary, this is a matter which you and I have discussed at great length, that I have discussed. Last year, I wanted to put an amendment on our homeland security bill, except that the House had gone out of session and it would have materially delayed the matter. You came to see me, and I later talked to both Vice President Cheney and President Bush about it.

I think it may be helpful if there is legislation introduced which would give you, as Secretary of Homeland Security, that responsibility and have the matter in Governmental Affairs, which is the authorizing committee, and have a thorough airing of these subjects so we don't have these spasmodic reports without giving you or Director Tenet or others—it is now in the hands of the Central Intelligence Agency—an opportunity to respond.

My initial judgment had been, and I talked to you about this, to make no legislative proposal, to give an opportunity to see how it would work out under the CIA, but it doesn't appear to be working too well. Perhaps there has not been an adequate time. A legislative proposal is not going to be acted on immediately, but it would stimulate the kind of debate, I think, that would be helpful.

One other very brief comment. SARS poses an enormous threat to homeland security, and not of the terrorist nature, and I had talked to Dr. Gerberding—this is a matter which comes under the Centers for Disease Control, under the subcommittee which I chair on Health and Human Services, and it may be necessary to come to you, Mr. Secretary, for help, depending on what funding requirements there are and what funds are immediately available.

Some $16 million was appropriated in the supplemental bill and this is something which we are reviewing with Dr. Gerberding in great detail. We may have a hearing in your old bailiwick, Harrisburg, Pennsylvania, later this week. But depending upon the intensity of the problem and the nature of the response from the financing, it may be something that we will be coming to you for.

As I say, I am going to excuse myself for a while but hope to come back. Thank you very much, Mr. Chairman.

Senator COCHRAN. Thank you, Senator Specter.

Senator Mikulski, you may be recognized for an opening statement if you would like.

Senator MIKULSKI. Thank you very much, Mr. Chairman.

Mr. Secretary, you face, indeed, a daunting job and we look forward to working and supporting you. I want to thank you for choosing Michael Burn to be the Homeland Security Coordinator for the Capital Region, outstanding. We have met with him. He is

meeting with local officials. You should know he is getting kudos in the region, an excellent choice.

As you know, all response is ultimately local, and I hope in your statement you deal with the issues that we continually hear about the need for local communities to be able to have access to homeland security funds, to be able to do the first responder incident reactions response that is so desperately needed. Every time we go on orange alert, the local city and county budgets go into the red. Often, the money goes to the States. It trickles down. It is late coming. It is not done in a necessarily organized and coordinated way.

And I know you have heard from mayors. I know you have heard from the National Association of Counties. I know Mayor O'Malley has been particularly vocal, and I actually share his frustration, and take the community of Baltimore, the port, the financial capital of the State, the research center of the State, and Anne Arundel County, where it has the State functions, the Naval Academy and the airport, the National Security Agency, though we get a great job from the FBI, it is the locals that are doing it.

So we look for also what is the most effective way to get the money particularly to high-risk areas that either have a nuclear power plant, chemical plant, you name it, military installations, stadiums. We are it and we are next door, so we welcome that.

Second, when science and technology, good for all the work that is being done there, but I am hearing concerns that we are not having national standards being established, particularly for some of the first responder equipment, and, therefore, every company with a gadget, gizmo, google, goggle, is coming around and our local people want to make wise use of the funds that are coming through, like in the fire grant program.

Also, I just want to also say we really do need help in the immigration backlog. The Vermont office has over a 400,000-person backload. It has a tremendous impact.

And then on the Coast Guard, they need all the help they can get with both homeland activity as well as search and rescue and making sure those drugs don't come into our border. There is more than one kind of predator that threatens the American people.

So those are kind of the basic things that I had on my mind and look forward to hearing your testimony, and as always, look forward to working with you.

Secretary RIDGE. Thank you, Senator.

Senator COCHRAN. Senator Murray.

Senator MURRAY. Thank you very much, Mr. Chairman. I just welcome the Secretary here and know that your office is in charge of a lot of interests in my State.

I share the concerns of Senator Hollings in terms of our ports and the safety and security there. I am deeply concerned that the money that we have given you for Operation Safe Commerce, both in 2002 and 2003, a total of $58 million, to date, not one penny of that has been spent, and we keep getting delays on that. We are going to have a disaster at our ports if we don't start implementing this, and I will be asking you about that.

I also am very concerned about border crossings. As you know, the Northwest corner of my State is where we caught an al Qaeda

operative several years ago and we know how important that is. But the economy is also extremely important and we want to make sure that border works efficiently and I am very interested in your, I think it is your Visit, is it Visit system that you are going to be establishing. I want to hear how that is going to work.

I also am very interested in hearing about how we are going to train those first responders and whether we have a national strategy. So I will reserve my questions for our comment period, but thank you very much, Mr. Chairman, for having this hearing.

Senator COCHRAN. Thank you, Senator.

Mr. Secretary, I notice in the remarks you made at the National Press Club yesterday, and I think there is a reference to this in your prepared statement as well, you talked about Operation Liberty Shield and the fact that that has been suspended or ended. In the supplemental appropriations bill, we provided funds for the conduct of that operation. I hope in your comments that you make to us now—we will put your total statement in the record—that you will touch on the status of Operation Liberty Shield and what the cost savings might be for the termination of that. In the supplemental, we appropriated funds based on estimates that were available back then and it would be good for us to know how that may have been changed by recent events.

But, at this point, you may proceed with any comments that you would like to make on this or other subjects and then we will have an opportunity to ask you questions. You may proceed.

STATEMENT OF SECRETARY TOM RIDGE

Secretary RIDGE. Thank you very much, Mr. Chairman, and to the members of the subcommittee. Thank you for the opportunity to present the first budget for the Department of Homeland Security. So to you, Chairman Cochran, Senator Byrd, and distinguished members of the subcommittee, please know that it is a distinct pleasure to appear before you today to discuss the first annual budget request for the Department of Homeland Security.

For practical purposes, you have already accepted the much longer statement and more detailed statement, but I would like to discuss this morning a few highlights with you prior to our conversation.

I would add that we are a Department currently engaged in many firsts, with each of these new undertakings presenting both challenges and opportunities. I would like to thank the subcommittee, the committee that created you, and your staff for the exemplary approach they have demonstrated in taking on the challenge of advancing the cause of homeland security.

FISCAL YEAR 2004 BUDGET REQUEST

The President's budget request for fiscal year 2004 lays a critical and solid foundation block for the future of the Department. It is, as the chairman pointed out, a $36.2 billion commitment to advancing the safety and security of our American homeland and those who we exist to serve. This request represents a 7.4 percent increase in funding for DHS programs over fiscal year 2003. It also contains critical initiatives to advance the efficiency and the effectiveness of our Department, supports ongoing efforts and programs,

and sustains vital non-security services and missions throughout the Department.

The President's Budget contains $18.1 billion for the Border and Transportation Security Directorate. It reflects organizational improvements, funds personnel enhancements, training, and improves the technologies needed to support two of the Department's strategic goals: to improve border and transportation security, and simultaneously facilitate the unimpeded flow of legitimate commerce and people across our borders, and through our seaports and airports.

The budget request also calls for $3.5 billion to strengthen the readiness capabilities of State and local governments that play a critical role in the Nation's ability to prepare for and respond to attacks of terrorism, and better consolidates grants for State and local response funding and training needs within the Office for Domestic Preparedness.

Senator Mikulski, Senator Murray, actually just about everybody on the panel I think, has very appropriately raised the concerns that they have heard from their mayors and governors about not only the level of funding, but I must tell you it will be one of the tasks of the Department working in a bipartisan way, working with all of you on this subcommittee, to see to it that the dollars get to the areas of critical need, and the outcomes and benefits we receive from the expenditure of those dollars go to enhancing our security.

We have a real challenge before us in 2004 because I am going to be working with you to take a look at the funding formula for 2004 and working with you to see if we can finally convince our friends the mayors, and the county commissioners, and the States to develop intra-state preparedness plans.

I know you were very, very sensitive to the needs of local communities in the fiscal year 2003 supplemental. $1.3 billion of that which the Congress directed to the Department to distribute 20 percent to the States, 80 percent to local communities. That is probably a pretty decent balance or proportion as to where dollars are to go. We will continue to discuss the proportional sharing of those dollars but I think we would all feel more comfortable if when those dollars are expended we could match the purpose of the expenditure against the need that was reflected in a statewide plan that said, "this is our homeland security plan." We need to work together to see that we all accomplish that because we all want to accomplish the same outcome: every dollar being spent most appropriately on enhancing the security and safety of our neighborhoods.

Funding requested for the Emergency Preparedness and Response Directorate totals $5.9 billion. These funds will be used to enhance nation-wide readiness to manage and respond to disasters whether caused by the forces of nature or the forces of evil.

In addition to fully funding traditional FEMA programs, the President's Budget includes needed investment in America's pharmaceutical and vaccine stockpiles. It also includes nearly $1 million for Project Bioshield, a critically-needed incentive for the development and deployment of new and better drugs and vaccines to protect Americans from the threat of bioterrorism.

The request for the Information Analysis and Infrastructure Protection Directorate is $829 million. As you know, this is a new unit.

This is a new directorate within the Department of Homeland Security. We pulled in pieces of other agencies, Energy, FBI, and Commerce, into this piece. But this is a significant security enhancement, I think, for this country that the Congress supported.

The funds will support the Directorate's effort to analyze intelligence and other information, evaluate terrorist threats, assess the vulnerability of critical infrastructure, issue timely warnings to private sector industries, and work with Federal, State, local, and private stakeholders to take or effect appropriate protective action. The President's request provides the resources necessary for us to carry out these most important and unique Departmental responsibilities.

Additionally, we are requesting $809 million for the Directorate of Science and Technology. This is a good place and an area for us to have that discussion with regard to standards and certification because this is precisely the unit within this Department that is going to address those challenges.

In the quest to secure our homeland, we face fanatical and sinister enemies. Their willingness to contemplate the most evil of means to harm us, and the possibility that others might help them to acquire those means demands that we sustain a scientific and technological edge to stay ahead of our enemies. The funds requested for science and technology will support the essential research, development, testing, and evaluation needed to do just that through existing programs and institutions as well as new entities, like the Homeland Security Advanced Research Project Agency.

The President requests $6.8 billion for the United States Coast Guard, a 10 percent increase over fiscal year 2003 for this vital component of the new Department of Homeland Security charged with pushing our maritime borders farther out to sea. This request will support continued and enhanced operations of the service across its broad portfolio of indispensable missions. It will enable the Coast Guard to grow to meet its ever-increasing security responsibilities while at the same time sustaining operational excellence in non-security functions. Bottom line: The request for vital recapitalization of the Coast Guard's offshore, near-shore, and communication assets are covered in this appropriation request.

The proposed budget also contains $1.3 billion for the United States Secret Service so they may perform their dual missions of protection and criminal investigation. The funds will support the protection of the President, the Vice President and their families, heads of state, security for designated National Special Security Events, and the investigation and enforcement of laws relating to counterfeiting, fraud, and financial crimes. The fiscal year 2004 appropriation will also help to defray the expense of additional security coverage during the Presidential campaign of 2004.

Roughly $1.8 billion of the President's budget request will support the Bureau of Citizenship and Immigration Services, including $100 million to reduce the backlog of applications and begin ensuring a 6-month process standard for all applications and benefits, regardless of their nature.

In summary, Mr. Chairman and members of the Committee, this budget request for the Department of Homeland Security supports the President's National Strategy for Homeland Security. The

strategy provides the framework to organize and mobilize the Nation, Federal, State, and local governments, the private sector, and the American people in the very complex mission to protect our homeland.

We have begun the very first steps of our critical work and we are only at the beginning of what will be a long struggle to protect our Nation from terrorism. Though much has been accomplished, there is certainly much, much more work to do. This budget will provide the resources to enable the Department to manage its responsibilities and lead the effort to make our country safer and more secure.

America's response to terrorism has been strong, measured, and it has been resolute. The Department of Homeland Security is committed to carrying this response forward by preventing terrorist attacks, working with Congress to reduce America's vulnerability, and effectively responding to attacks that might occur. Certainly, by doing so, we will build a better future and a safer future for ourselves and our children and our country. I look forward to working with the subcommittee and each of you individually in this challenging, critical, and I might add, I think, most noble of missions.

PREPARED STATEMENT

Mr. Chairman and members of the subcommittee, this concludes my prepared statement. I would be pleased to respond to any questions you may have at this time. Thank you very much.

Senator COCHRAN. Thank you, Mr. Secretary, for your statement.

[The statement follows:]

PREPARED STATEMENT OF TOM RIDGE

Introduction

Good morning, Chairman Cochran, Senator Byrd, distinguished members of the subcommittee. It is a pleasure to be with you today to discuss the President's fiscal year 2004 budget request for the Department of Homeland Security (DHS)—the first ever annual budget request for the new Department. I want to express my gratitude for the focus and support the Congress provided in creating the new Department, I am also grateful for this Committee's effort in passing the President's wartime supplemental from which the Department is receiving much needed resources for Operations Liberty Shield and Iraqi Freedom. I look forward to working with you to build a proper fiscal foundation for DHS, and positioning the Department to successfully carry out its critical mission.

Two months ago, the major components of our Department came together, bringing with them approximately 179,000 employees from agencies across the Federal Government. These dedicated professionals are now working under one Department with the mission of protecting the American people. Together we are leading the largest Federal reorganization in more than 50 years, a tremendous task to meet a tremendous challenge.

This Department's strategic objectives are clear: to prevent terrorist attacks within the United States, to reduce America's vulnerability to terrorism, and to minimize the damage and assist in recovery should a terrorist attack occur. To achieve these objectives, the Department has already taken steps to unify principal border and transportation security agencies, coordinate a cohesive network of disaster response capabilities, create a central point for the analysis and dissemination of intelligence and information pertaining to terrorist threats, and join research efforts to detect and counter potential terrorist attacks.

In this mission, the Department of Homeland Security is not alone. As former governors, both the President and I understand that our partnership with State and local government is critical to building a national capacity to prevent terrorist attacks, to reduce our vulnerability and then to respond to an attack.

Further, we are developing crucial partnerships with the private sector. As you all know, 85 percent of our Nation's critical infrastructure is owned or operated by

private enterprise. This includes systems such as telecommunications, banking and finance, energy and transportation. The private sector also is a key source of new ideas and innovative technologies that will provide tools in the fight against terrorism.

In laying the foundation for this Department, we also have a tremendous opportunity for implementing good government initiatives and carrying out the vision of the President's Management Agenda. Our mission is critical, and we must institute strong management principles and set solid performance measures.

We are at the beginning of the effort to protect our Nation from terrorism. While much has been accomplished, there is much more work to be done. We must stay focused and engaged in this effort so that we can meet the challenges of this time in our Nation's history.

Summary of Departmental Budget Request for Fiscal Year 2004

To that end, the President has submitted a budget that clearly reflects the Administration's commitment to the priorities and mission of the Department of Homeland Security, and lays a critical and solid foundation block for the future of the Department. The $36.2 billion request marks a commitment to advancing the safety and security of our American homeland and those whom we serve. This request represents a 7.4 percent increase in funding for DHS programs over the original fiscal year 2003 request and includes roughly 179,000 full-time equivalent (FTE) positions for fiscal year 2004. The discretionary authority requested in this budget is $26.7 billion. It contains critical initiatives to advance the efficiency and effectiveness of our Department, supports ongoing efforts and programs, and sustains vital, non-security services and missions throughout the Department. This request provides for border and transportation security, protects critical infrastructure and key assets, and ensures that we are prepared for and capable of responding to terrorist attacks.

With this budget request, resources for the agencies moving into DHS will have grown by more than 60 percent between fiscal year 2002 and fiscal year 2004. During the same period, nearly 61,000 staff, largely in TSA, will have been added to protect the homeland. The budget includes major initiatives to improve information analysis and infrastructure protection, as well as to advance and harness science and technology to make America safer. These are new initiatives unique to the Department of Homeland Security that go beyond the capabilities and operations of the component agencies.

This budget will support the critical operations of each of the Department's organizations. These organizations are:

—Border and Transportation Security
—Emergency Preparedness and Response
—Information Analysis and Infrastructure Protection
—Science and Technology
—United States Coast Guard
—United States Secret Service
—Bureau of Citizenship and Immigration Services, and
—Department-Wide Support

Border and Transportation Security Budget Request

The Border and Transportation Security directorate secures the border and transportation system of the United States at ports of entry and 7,500 miles of land border, across 95,000 miles of shoreline and navigable rivers, at the Nation's airports, and throughout the highway and rail system of the country. It is charged with preventing the illegal entry of people or goods, while at the same time facilitating the unimpeded flow of lawful commerce and people across our borders. Last year more than 400 million persons, 115 million motor vehicles, 2.4 million railcars, and 7 million cargo containers were processed at the border. For fiscal year 2004, each of these categories is projected to have significant volume increases.

To carry out this important mission, the President has requested a total of $18.1 billion. The funds will be used to create smart borders that are more secure; further consolidate border organizations to provide greater accountability for a seamless border service; increase the security of international shipping containers; continue implementation of the Aviation and Transportation Security Act of 2001; and ensure that our Nation's first responders are trained and equipped to address the threat of terrorism. The following sections detail the budget requests for the Border and Transportation Security directorate components.

The Bureau of Customs and Border Protection (BCBP) brings together approximately 42,000 employees including 19,000 inspectors from the Agriculture Plant Health and Inspection Service, Immigration and Naturalization Service, and the Customs Service, including canine enforcement officers, and 11,000 Border Patrol

Officers. The Bureau focuses its operations on the movement of goods and people across our borders to prevent the illegal entry into the United States of people or goods at or between ports-of-entry while facilitating the movement of legitimate trade and international travel.

The budget includes $6.7 billion for BCBP, an increase of $1.7 billion (33 percent) above fiscal year 2002. This funding level will support expansion of programs such as the Container Security Initiative, which puts BCBP inspectors in key international ports to work with host governments in targeting and examining high-risk containers before they are placed on ships bound for the United States, and the Customs Trade Partnership Against Terrorism (C–TPAT) program, which increases supply chain security and expedites the secure, lawful commerce of C–TPAT partners across our borders. This budget also supports continued implementation of the comprehensive Entry/Exit system to track visitors to the United States and funds the Automated Commercial Environment system (ACE) and the International Trade Data System (ITDS). Nearly $1.1 billion has been dedicated to these latter two capital projects since 2001.

With these funds, the Bureau of Customs and Border Protection will ensure compliance with customs, immigration and agricultural laws; determine the admissibility of persons coming to the United States; secure our borders from biological threats to our Nation's plant and animal resources; inspect over 139 million projected vehicles and more than 600 thousand projected aircraft; and prevent the admission of terrorists and other criminals. The Bureau will also focus on deterring illegal crossings, seizing illegal drugs, currency, and monetary instruments, processing $1.2 trillion in imports, and collecting $20 billion in duties on the same.

The Bureau of Immigration and Customs Enforcement (BICE) brings together the enforcement and investigation arms of the Customs Service, Immigration and Naturalization Service and the Federal Protective Service. The reorganization involves approximately 12,000 employees, including 5,500 criminal investigators, 4,000 employees for immigration investigations and deportation services, and nearly 1,500 Federal Protective Service personnel who focus on the mission of enforcing the full range of immigration and customs laws within the interior of the United States, in addition to protecting specified Federal buildings.

To carry out its responsibilities, the fiscal year 2004 request for the Bureau of Immigration and Customs Enforcement includes $2.8 billion, an increase of nearly $400 million (16 percent) above fiscal year 2002. About $1.1 billion will support investigative activities—including immigration, fraud, forced labor, trade agreement investigations, smuggling and illegal transshipment, and vehicle and cargo theft.

The Transportation Security Administration (TSA) continues its mission of helping to protect and secure our Nation's transportation systems while ensuring the unencumbered movement of commerce and people, including the more than 600 million commercial passengers who fly into, out of, and within the United States each year. The Department requests $4.8 billion for TSA, approximately $2.4 billion of which will be financed by offsetting collections from aviation passenger security fees and airline security fees.

Roughly $4.3 billion will fund direct aviation security activities, including a professional passenger and baggage screening workforce and supporting equipment to prevent weapons and other contraband onto aircraft. It also supports State and local law enforcement personnel to secure screening checkpoints; air marshals to provide in-flight security; and improvements in screening technologies. The request includes funding for new air cargo and armed pilot initiatives, as well as technologies to identify passengers who may pose a security risk. TSA will continue to work with the Department of Transportation and other Federal agencies to develop and implement security standards for non-aviation modes of transportation and work on the Transportation Worker Identification Credentialing initiative. Finally, TSA, through the Under Secretary for Border and Transportation Security, will issue Letters of Intent to airports to provide assistance for the installation of explosive detection equipment.

The Office for Domestic Preparedness will strengthen the readiness capabilities of State and local governments that play a critical role in the Nation's ability to prepare for and respond to acts of terrorism. The Department will manage the First Responder initiative through the Office for Domestic Preparedness, providing training to firefighters, emergency medical services, emergency management agencies, and law enforcement personnel. $3.5 billion is requested in the fiscal year 2004 President's budget for this initiative, plus funding for program administration and oversight for the Office for Domestic Preparedness.

The budget also provides grants for preparedness equipment, technical assistance, and Federal, State, and local joint exercises. These grants will be awarded to the states to address the needs identified in their response plans. State plans must con-

tain funding for firefighter preparedness, State and local law enforcement anti-terrorism initiatives, and Citizen Corps activities.

The Federal Law Enforcement Training Center (FLETC) will continue its tradition as the Government's leading provider of high-quality law enforcement training to Federal, State and local law enforcement officers. $146 million is requested in the fiscal year 2004 President's budget for FLETC.

With the assistance of the Congress, the Department of Homeland Security will produce a more robust enforcement and protection capability to secure our Nation. We need to integrate our capabilities and increase our protection. We cannot completely eliminate the possibility of terrorist attack, but we can reduce our vulnerabilities by enhancing our support for State and local emergency preparedness and response.

Emergency Preparedness and Response Budget Request

An effective response to a major terrorist incident—as well as a natural disaster—rests on being well prepared. Through the Emergency Preparedness and Response directorate, the Department will lead America' to prepare for, mitigate the effects of, respond to, and recover from major domestic disasters, both natural and man-made, including incidents of terrorism. The directorate will contribute to a fully coordinated approach to disaster management within the United States, using Federal resources previously operating under multiple plans. Funding requested for Emergency Preparedness and Response totals $5.96 billion.

The request for Emergency Preparedness and Response consolidates funding for programs formerly funded through the Federal Emergency Management Agency and the Department of Health and Human Services, such as the Office of Emergency Preparedness, the National Disaster Medical System, and the Strategic National Stockpile.

The President's request includes roughly $1.3 billion for America's pharmaceutical and vaccine stockpiles, including adding new drugs to the stockpile as they are developed. The Strategic National Stockpile contains drugs, vaccines, other medical supplies and equipment that can be delivered to any place in the country within 12 hours of a request for assistance. It now holds enough smallpox vaccine for every American, sufficient treatments for 20 million persons exposed to Anthrax, and treatments for injuries following a chemical attack or explosion. The Department of Homeland Security, in close coordination with the Department of Health and Human Services, will assure optimal medical preparedness and response capacity to meet threats to our Nation.

As a critical aspect of this program, the Administration proposes new permanent, indefinite authority through project BioShield to overcome hurdles that impede our ability to stockpile adequate amounts of needed drugs and vaccines to protect Americans from bioterrorism. This authority will allow the government to purchase critically needed vaccines or medications for biodefense as soon as experts agree it is safe and effective enough to place in the Department's Strategic National Stockpile.

With this budget request, the Department will also carry out the traditional functions of the Federal Emergency Management Agency, improving the Nation's disaster response capabilities and those of State and local governments. $1.9 billion is requested to provide disaster relief under the primary assistance programs that provide a significant portion of the total Federal response to victims in Presidentially-declared major disasters and emergencies. Further, the budget includes funds to modernize the Nation's flood insurance rate maps which will improve flood mitigation efforts, as well as funds for the pre-disaster hazard mitigation program that will ensure that the most worthwhile and cost-effective mitigation programs are funded.

Information Analysis and Infrastructure Protection Budget Request

The President's budget request calls for $829 million to fund the Information Analysis and Infrastructure Protection directorate, a new unit that will combine the capability to identify and assess the threats to our homeland, provide the basis from which to organize protective measures to secure the homeland, and stop terrorist attacks before they happen. IAIP is responsible for identifying and protecting America's critical infrastructure and key assets of national-level importance: food, water, agriculture, public health, emergency services, information and telecommunications, banking and finance, energy, transportation, chemical, defense industry, postal and shipping, and national monuments and icons.

Working together with the Central Intelligence Agency, the Federal Bureau of Investigation (FBI), and other intelligence gathering agencies, the Department of Homeland Security will participate in setting intelligence requirements, including the prioritization of terrorism threats, weapons of mass destruction, and other relevant intelligence activities. The directorate will analyze and assess law enforce-

ment information and intelligence, translating these assessments into improved security by taking actions to reduce America's vulnerability to terrorist attack. $32 million is requested for these activities.

$384 million is requested for IAIP to work with Federal departments and agencies, State and local governments and private industry to identify critical infrastructures, conduct assessments of the highest priority infrastructures, and implement measures to protect them from actual threats. In addition, the Department will develop technical standards, guidelines, and best practices for states and industry as part of of its protective program.

The Department is also in charge of issuing warnings, threat advisories, and recommended response measures to America's public safety agencies, elected officials, industry, and the public. In close coordination with the FBI, the Department will disseminate timely, actionable information to the public, private sector, and State and local officials related to specific threats and vulnerabilities, as well as what steps to take in response to a threat. The Department requests $70 million to provide 24 hours a day, seven days a week intelligence and warning capabilities, review and disseminate information to relevant public and private sector entities, and provide a mechanism to issue national advisories through the Homeland Security Advisory System.

The Information Analysis and Infrastructure Protection directorate will also work with stakeholders to develop and implement an integrated national plan for the physical and cyber protection of critical infrastructures and key assets.

Science and Technology Budget Request

The Science and Technology directorate will maintain and enhance the Nation's superiority in science and technology, a key to securing the homeland. New technologies for countering chemical, biological, radiological, nuclear, and other emerging threats, mitigating their effects should they occur, and for information and analysis sharing will increase the security of our homeland and minimize the damage from future terrorist attacks.

In fiscal year 2004, the budget request for the Department of Homeland Security includes $803 million for the Science and Technology directorate. These funds will support existing programs and institutions as well as new entities like the Homeland Security Advanced Research Projects Agency.

The Homeland Security Act created the Homeland Security Advanced Research Projects Agency (HSARPA) to develop a crucial capability for the Nation. HSARPA will research, develop, test, and evaluate countermeasures to chemical, biological, radiological, and nuclear weapons and other terrorist threats. Initial funding will be used to address immediate gaps in high-priority operational requirements for chemical, biological, radiological, and nuclear countermeasures, protecting our critical infrastructure, and conventional mission operations. We will engage the private sector and others in the development of innovative, high-payoff capabilities, as well as focus our efforts to evaluate and prototype commercially available technologies. The Department will invest in developing revolutionary new technologies to enhance our future capabilities and will evaluate and prototype technologies to enhance our near-term security.

The Science and Technology directorate will provide new enabling capabilities to the other components of the Department, and enhance their ability to execute their various missions. Science and Technology will recruit and retain a workforce that is best in class, develop future generations of scientists, engineers, and technologists in fields required to ensure the vitality of the homeland security enterprise, and establish, maintain, and utilize state-of-the-art research and development facilities and infrastructure.

The budget request will facilitate applied research, technology demonstrations, development, and testing of prototypes and full-scale pre-production hardware; enable procurement of products and systems necessary for the protection of our homeland from the effects of weapons of mass destruction and other terrorist weapons. The budget supports the development of a national policy and prioritized strategic plan for homeland security research, as well as development of standards for homeland security equipment for use by first responders.

United States Coast Guard Budget Request

The President requests $6.8 billion for the United States Coast Guard, a 10 percent increase over the fiscal year 2003 request for this vital component of the new Department of Homeland Security. This request will support continued and enhanced operations of the Service across its broad portfolio of indispensable missions. It enables the Coast Guard to grow to meet its ever-increasing security responsibilities, while at the same time sustaining operational excellence in non-security func-

tions. The request provides for vital recapitalization of the Coast Guard's offshore, near shore, and communications assets.

Recapitalization of Legacy Assets and Infrastructure.—The budget request will support funding for two major recapitalization initiatives—the Integrated Deepwater System and Rescue 21. The request for the Integrated Deepwater System is $500 million in fiscal year 2004. These resources will fund conversion of five 110-foot patrol boats to more capable 123-foot patrol craft, seven short-range Prosecutor small boats, progress on the first National Security Cutter, slated for delivery in fiscal year 2006, and continued development of a Common Operating Picture, command and control system for prototype installation, at four shore-based command centers. Implementation of Rescue 21, the Coast Guard's primary communications system in the coastal zone area, will reach 35 percent completion in fiscal year 2004 and is on track for full completion by the end of fiscal year 2006. In addition, the budget provides continued support for the Great Lakes Icebreaker Replacement.

Increase Homeland Security Capabilities.—The Coast Guard's request increases funds for Maritime Domain Awareness, providing for leased satellite channels for cutters and network connectivity for smaller assets, Automatic Identification Systems, the Rescue 21 network, and a prototype Joint Harbor Operations Center to provide surveillance in Hampton Roads, Virginia. The request will also support new port security assets: 58 Sea Marshals, 6 deployable Maritime Safety and Security Teams equipped with six new small response boats, 43 small and eight medium response boats to increase presence in ports and waterways, two port security units, nine 87-foot Coastal Patrol Boats, and stand up of Stations Boston and Washington, D.C.

Sustain Non-Homeland Security Missions.—For Search and Rescue (SAR) and safety efforts, the budget will provide 449 new personnel towards achievement of a 68-hour workweek at small-boat stations, a 12-hour watch standard at command centers, and will also provide training enhancements at the National Motor Lifeboat School, the Boatswain's Mate "A" school, and the National Search and Rescue School to increase the training throughput at both locations.

With these funds, the Coast Guard will be able to enhance its presence at ports and waterways to mitigate the risk to mariners and to mitigate the Nation's security risk to terrorist and other illegal threats. The Coast Guard continues to work to reduce serious vessel collisions or groundings, reduce oil and garbage discharge into the water, and provide core competencies to the Department of Defense including maritime interdiction, port safety and security, aids to navigation, and military environmental response operations.

United States Secret Service Budget Request

The United States Secret Service protects the President and Vice President, their families, heads of state, and other designated individuals; investigates threats against these protectees; protects the White House, the Vice President's residence, foreign missions and other buildings within Washington, D.C.; and designs, plans, and implements security for designated National Security Special Events. The Secret Service also investigates violations of laws relating to: counterfeiting of obligations and securities of the United States; financial crimes that include, but are not limited to, access device fraud, financial institutions fraud, identity theft, computer fraud; and computer-based attacks on our Nation's financial, banking, and telecommunications infrastructure.

The President's budget request for the United States Secret Service of $1.3 billion for fiscal year 2004 maintains current program operating levels and fully annualizes the cost of staffing authorized in fiscal year 2002. It provides approximately $40 million for security for the 2004 Presidential candidates and nominees and the Democratic and Republican National Conventions. In addition, the Service has requested funds to design and build the prototypical mail facility that can effectively screen for selected chemical, biological, radiological, nuclear, and explosives contaminants. This facility is necessary to ensure that mail destined for the White House Complex is thoroughly examined and determined to be safe.

Bureau of Citizenship and Immigration Services Budget Request

The Bureau of Citizenship and Immigration Services seeks to greatly improve the administration of immigration benefits to the more than seven million annual applicants, by building and maintaining a services system that provides immigration information and benefits in a timely, accurate, consistent, courteous, and professional manner.

To accomplish this goal, the fiscal year 2004 budget requests $1.8 billion. Of that request, $100 million will fund the President's initiative to reduce the applications backlog and ensure a 6-month processing standard for all applications. To support

this commitment, the Bureau will focus on three critical elements: achieving a high-level of performance by establishing clear, concrete performance milestones and actively monitoring progress towards these milestones; transforming business practices by implementing significant information technology improvements and identifying improvements to change the current way of doing business; and ensuring integrity by establishing comprehensive quality assurance measures.

The Department will also ensure that our Nation's policies for issuing visas to visitors are consistent with security and foreign policy interests. The Department will have legal authority over the issuance and denial of visas, although the Secretary of State will manage the activities of consular officers and will retain the power to deny visas based on foreign policy interests.

Department-Wide Support Budget Request

The budget request includes $294 million for the operation of departmental headquarters. DHS headquarters focuses on national policy through centralized planning and is responsible for functions such as planning, policy, budgeting, strategy, interagency coordination, integrated research and development, public affairs, legislative affairs, information technology, departmental security, and legal affairs.

In the area of information technology, the Department's request includes $206 million for capital investments to establish the priorities of information technology integration, modernize high priority business processes, and increase efficiency through technological improvements. It also includes a department-wide enterprise architecture that will guide our investment in, and use of information technology, and the conversion of wireless radio communications to narrowband operations as required by law.

The Department will consolidate duplicative telecommunications systems and networks as well as business management systems. All new information technology investments are reviewed centrally in order to prevent redundant investments and misspent taxpayer dollars. DHS will seek to develop a modern information technology environment that supports homeland security missions, enhances productivity, facilitates information sharing while ensuring security and privacy, and generates savings.

The request includes $40 Million for the Counterterrorism Fund. The Counterterrorism Fund covers unbudgeted critical costs associated with providing support to counter, investigate, or prosecute domestic or international terrorism, including payment of rewards in connection with these activities; and reestablishing the operational capacity of an office, facility or other property damaged or destroyed as a result of any domestic or international terrorist incident. The Counterterrorism Fund may also reimburse other Federal agencies for extraordinary costs related to their participation in particular terrorism prevention or response activities.

In implementing the President's Management Agenda, we have an enormous task: reorganizing and integrating 22 agencies with their own work cultures, operating and management procedures, and operating missions into one Department. This challenge presents an opportunity for the Department to become the model of management excellence, to manage resources effectively and to deliver measurable results.

New management flexibilities that were requested by the President in the areas of human resources, procurement, and budget and performance integration will be key to success in the Department. The use of these new flexibilities will be tracked as measurable goals. The Department will blend the personnel systems of the incoming agencies into a unified system that is consistent, coherent, and that rewards good performance. The Department must also work to unify the 19 existing financial systems and ensure that a chosen system directly links performance with spending.

Conclusion

In summation, the President's budget request for the Department of Homeland Security supports his National Strategy for Homeland Security. This strategy provides the framework to mobilize and organize the Nation—Federal, State and local governments, the private sector, and the American people—in the complex mission to protect our homeland. We have begun the very first steps of our critical work, but we are only at the beginning of what will be a long struggle to protect our Nation from terrorism. While much has been accomplished, there is much more work to do. This budget will provide the Department the resources to manage its responsibilities and continue its work of securing the homeland for the American people.

Mr. Chairman and Members of the Subcommittee, this concludes my prepared statement. I would be happy to answer any questions you may have at this time.

Senator COCHRAN. I hope that Senators will cooperate with the effort to limit our first round of questions to five minutes each and then we will have an opportunity to continue to discuss these issues of the budget request for the Department as long as needed to have a full understanding of the budget request.

OPERATION LIBERTY SHIELD

Mr. Secretary, I mentioned the funding that we provided in the supplemental for Operation Liberty Shield which, as I understand it, was an effort nationwide, including local and State government officials and agencies, to protect against retaliation that might be visited upon our States and local governments and citizens of the United States in response to our efforts in Iraq.

To what extent do you think this operation has been successful? I don't recall any specific retaliatory actions being taken. There may have been, and you may have frustrated some. Can you bring us up to date on your assessment of the success or failure of Operation Liberty Shield?

Secretary RIDGE. Mr. Chairman, first of all, I need to thank the Congress for the historic support for a first of its kind initiative in Liberty Shield, where for the first time, the Federal Government, working in partnership with the State and local governments and the private sector, provided an unprecedented level of security in anticipation of potential hostile terrorist action because of our military involvement in Iraq. It is the first time that the Federal Government planned for and worked with and through States and local governments and the private sector to literally add an overt security presence at critical places around the country.

Pursuant to that effort, we asked you, the members of the Committee and Congress, to give us substantial resources to support Liberty Shield. If I recall correctly, you gave the Coast Guard about $580 million, $400 million of which was for the work that they were doing in the Gulf, $180 million to support their extraordinary efforts on port security. You gave itemized specific dollar amounts to Customs and Border Protection, to Immigration and Customs Enforcement.

So what we will need to provide you at some later date, once we calculate the cost, is that you did specifically designate certain monies for certain activities based on anticipated cost. It is our responsibility to get back to you to tell you—to match what you appropriated to what we expended and tell you what we are going to do with the rest.

The bottom line is that you gave enough money to do the job, to do the job very, very well. We ramped it up on March 17 and took it down on April 17. Within minutes after I contacted the governors and the homeland security advisors, they moved into action. The plan involved using State resources to protect critical pieces of infrastructure. Some of the governors provided National Guard. Some of the governors provided State police. Others used other law enforcement members. You provided resources to reimburse them for those costs because they deployed them pursuant to a Federal request. So we have got to do a run-down and comparison and report back to you dollars expended, dollars remaining, and obviously as members of the Appropriations Committee, you are going to want

to know what we spent. If there is a balance, you want to know where we spent it.

Senator COCHRAN. Well, that is true, and we appreciate your understanding of that request and the importance of that information to the committee.

CRITICAL INFRASTRUCTURE GRANTS

Another question within this area of concern and interest is how you would assess the sufficiency of the funding to reimburse State and local governments for the expenses incurred by them in complying with the Department's requests and directions. Do you think that the $200 million, for example, in the appropriations bill we provided for critical infrastructure grants will be sufficient to cover increased costs to State and local governments for the critical assets that they devoted resources to protect in communities and States across the Nation?

Secretary RIDGE. Senator, it is a little too early to assess it, I think. We are pretty close to the dollars they needed, but frankly, because it is the first of its kind exercise—as we were trying to ramp up to give you, very appropriately, the kind of specific information you wanted as to why we needed X-number of dollars for Liberty Shield, we ran various scenarios. We took a look at different kinds of critical infrastructure and said, "let us just apply a generic number to each piece of critical infrastructure, multiply it by the number of pieces of infrastructure, and give you a number." We said, "well, that doesn't really work because what you may want to do at a bridge or a tunnel may be different than what you want to do at a nuclear power facility."

So we think from preliminary reports that we had sufficient dollars, but one of the lessons we will learn from this very successful exercise is basically the cost associated with providing certain kinds of protection to certain pieces of critical infrastructure that we can use in future years to compute very appropriately the levels of reimbursement that the States and locals should receive.

I believe Congress was very generous. We got substantial dollars from you, literally billions of dollars. Some of it, you very specifically earmarked, and some you provided more flexibility to the Department of Homeland Security to distribute. But I will assure the members of the subcommittee, you will get as much specific information about each venue, each location, so we can in future years give you even more precise numbers if we return with a similar request.

Senator COCHRAN. Thank you very much.

Senator Byrd.

Senator BYRD. Thank you, Mr. Secretary, for your good statement. I don't envy your task. You are the man who we have the fingers pointing at and, in some cases, you are the man that will be made the goat if the goat can be made, and I sympathize with you. I don't know how you can possibly do this job if you are human, and I take it that you are, with all of these agencies and the enormous responsibilities that are upon you and these agencies. I want to help you whenever I can.

Secretary RIDGE. Thank you, Senator.

FREEDOM OF INFORMATION ACT

Senator BYRD. The Freedom of Information Act was enacted in 1966 to provide that any person has the right to request access to Federal agency records or information. All agencies of the U.S. Government are required to disclose records upon receiving a written request for them except for those records that are protected by exemptions or exclusions.

When Congress last fall adopted legislation to create the new Department, it also adopted a broader exemption to FOIA, allowing private companies to hide health and safety information from the public as long as the companies voluntarily submit this information to the DHS. The exemption applies to information about facilities that could be targets of a terrorist attack.

Increased security concerns call for prudent changes, but not for blanket exemptions in the information available to the public. If the government is allowed to operate in secrecy, without scrutiny, then the people's liberties can be easily lost. We ought to strengthen the Freedom of Information Act, not undercut it. The American people ought to have access to information that directly impacts upon their freedoms, as well as their safety, and I firmly believe that the Freedom of Information Act exemption that Congress exempted in the Homeland Security Act was too broad. It allows the new Department to cloak too many of its activities in secret.

This month, the Department proposed new rules that would broaden this exemption even further, making an already bad law even worse. Under the new rules, there will be an enormous incentive for corporations and lobbyists and government contractors to carry a rubber stamp and mark the words "critical infrastructure information" on everything that they touch. There will be that incentive, so it can all be locked away in the darkest recesses of the Homeland Security Department.

Not only can the private sector use this powerful new classification to shield itself from legal liabilities, but I am afraid that the government will also use it to shield the administration from public scrutiny of its activities. Now, there will be administrations after this administration and the same will apply to them. There will be that inclination, that tendency, that proclivity to hide things under this label.

Where does it end? If there is information regarding threats to the safety of the people, to the security and so on, they ought to be told. They have the right to know.

Mr. Secretary, experts in this area have concluded that these rules will allow lobbyists and government contractors to hide their relationships with the Homeland Security Department, including phone conversations and personal meetings with agency officials. How do we know that the Department is not just turning over the safety of the American people to the administration's friends in the private sector, like many believe has been done for the construction of Iraq?

So I guess my question to you, Mr. Secretary, is what sort of ethical and sunshine standards are you, as the Secretary, going to insist upon?

Secretary RIDGE. Thank you, Senator. First of all, I think you and I agree that the role of the Freedom of Information Act historically is consistent with the public operation of the public's business. There is a transparency built into what we do in this country by the very nature of our political community, but the Freedom of Information Act has certainly worked in years gone by to assure access to the kinds of documents and information to which you have referred in your statement.

I would assure the Senator that the regulations to which you refer do not in any way relieve any company from its responsibility to provide information that may otherwise be dictated by any other law or any other regulation in the Federal Register or on the books anywhere. They cannot avoid disclosure that may be required under a different statute by lumping whatever that information might be and turning it over to the Department of Homeland Security. It is our responsibility, if they try to do that and we see that the information that they have passed to us is in violation of the law, to see to it that they are prosecuted, and I would assure the Senator that is precisely what we will do.

FOIA RULES AND EXEMPTIONS

The purpose of this exemption in the Freedom of Information Act was really to get the voluntary submission of information from companies that is otherwise not required as it relates to potential vulnerability of their facilities, whatever they might be, so that we could take a look at it, take a look at the threat, take a look at hopefully the modeling and the work we have done in our new Department and get back to them and say, that is a vulnerability that is of high interest and high risk and you need to take the following protective actions in order to deal with it.

So I would say to the Senator, I would assure him that the purpose of this Freedom of Information Act exemption is not to provide a friendly forum for anyone out there to violate the laws and the requirements imposed on them by other statutes or other regulations.

Senator BYRD. Your new rules expanded this exemption to include information that is voluntarily submitted to any agency in the Federal Government. Now, how can this departure from the language chosen by Congress be justified?

Secretary RIDGE. Senator, they still will be required to file whatever reports or whatever papers necessary and consistent with laws as it relates to those agencies. The exemption is based solely on the need to get voluntary information, make it available to us so we could take a look at potential vulnerabilities in their infrastructure.

But they are still required to file whatever other reports, whether it is the EPA, the Department of Energy, whatever it is. This does not immunize them from potential prosecution if they try to avoid that kind of disclosure by sending information to us that we may conclude, as we look at it, you are in violation of the preexisting statute. If you are violating the law, you are violating the law and whatever agency gets that information is required to turn it over to the appropriate authorities and see to it that you are prosecuted.

Senator BYRD. As I indicated a private company can stamp anything as critical infrastructure information. That information would be automatically exempt from public disclosure unless the Department reviews the information and decides it should not be protected. Your rules designated one man, a single program manager, I take it, who will be responsible for reviewing this massive amount of information, voluntarily submitted information that will pour into the Homeland Security Department. How can we expect—how can this subcommittee be assured that one individual, I take it one individual, to have the resources and the time to determine whether companies are abusing these rules?

Secretary RIDGE. Senator, that description obviously conjures up a no-win situation for the project manager because that individual, he or she couldn't possibly be able to deal with all that. I assure you, in the directorate dealing with information analysis and infrastructure protection, there will be a team available to make that assessment. There will be lawyers that will review it.

And again, I underscore the notion, Senator, that this is not information that these companies have any responsibility under any law or any regulation, any statute, they don't have to share this information with us at all. There is nothing out there that compels them to do that. And what we are saying to them, as many companies have already begun the very important work of taking a look at their own security challenges, that when they are taking a look at their own infrastructure, in addition to information that they are compelled to submit, they voluntarily submit some of the information, perhaps even some of their own critical self-assessments to us that otherwise they wouldn't have to disclose under any statute.

And based on that information, we then develop, hopefully, a plan of action so that they can reduce their vulnerability to a terrorist attack. But they would not be providing that information, Senator, under any other statute or any other regulation and it is voluntarily provided.

Senator BYRD. My time is up and I thank you, Mr. Chairman. I am sure you have given me a very liberal five minutes. Thank you.

Senator COCHRAN. Thank you, Senator Byrd.

Senator Gregg.

Senator GREGG. Thank you, Mr. Chairman, and I appreciate the fact that you have taken on a huge and complex responsibility here, Governor. I suspect that you evaluate one of your priorities as being controlling our borders and making sure that the people who enter this country enter it for the purposes which are constructive, not purposes which are destructive.

ENTRY-EXIT SYSTEM

As a core element of that is the issue of how the INS is functioning as it has been transferred over to your agency. Senator Hollings and I, who had responsibility for INS for a while before it moved over to this subcommittee, had extremely severe reservations about the exit-entry computer system which the INS was going to try to buy and put in place for the purposes of border crossing and identifying who was coming across the border. In fact, we felt it was intuitively obvious that this was an absurd system

that could not function because INS didn't have the underlying capability to integrate it into the overall issue of the databases. And, furthermore, the idea that you would have 100 percent biologics identification of people coming across the border just was absurd on its face.

And yet, INS charged forward. They wanted to spend billions on this, and the administration forced us to put $300 million into the bill that we just passed, the omnibus.

I noticed in your statements, I think it was yesterday, that you are reorganizing this whole effort.

Secretary RIDGE. Yes.

Senator GREGG. I would be interested if you came to the same conclusion that our committee came to about 2 years ago that this exit-entry system as originally proposed by INS could not possibly function effectively and that it has to be replaced by something that actually is realistic.

Secretary RIDGE. One of the first program reviews that I undertook as the Secretary was the entry-exit system, and it is still an ongoing review. There had been some work done for the previous year and a half, and candidly, it wasn't done quite with the clarity or the comprehensiveness or we just weren't satisfied with the work product to date, so Secretary Hutchinson and I went back and have refocused the effort to comply with the law and the mandate of Congress to come up with a system that registers people when they enter and exit.

There are several challenges associated with it. The challenges have more to do with maintaining that kind of system at our land borders than it does with maintaining that kind of system at airports and seaports. If you have visited, particularly the Mexican border, at any one of those places—I was out there on Friday, out in Southern California, and there are 24 lines, 24 avenues of ingress from San Ysidro into Southern California. That is the entry system.

And I took a look at that and said, well, this is the entry system. Let us assume we can get it done here. Where are the 24 lines or at least the 12 lines of travel so you can monitor the exit? And I took a look at the 24 lines coming in and I said, this is a real challenge because there doesn't appear to be any room to build any more lines, any more roads so we can build that kind of an infrastructure. So I think there are some very unique challenges with regard to the system as it relates to entry-exit at our borders.

Clearly, there are ways we can facilitate. We are starting some experimental programs with pedestrian traffic, with commercial trucking traffic, and with passenger vehicles based on the principle of risk management, in that we know who you are, we know you work on this side of the border, you live on this side of the border. Both governments basically confirm that you are a good worker and you are an honest, law-abiding citizen. We can put you in one lane and let you go back and forth.

But I would say to the Senator that the real challenge will be maintaining that kind of system where you have literally hundreds of thousands of people going across the border daily, and the notion that we are going to stop everyone and pull everybody out of the buses and everybody out of the cars to make sure that they have

a biometric identification card and we verify they are who they are, it does pose some significant challenges. Once, we complete our survey, it is a matter that I will be prepared to discuss with you and the Senator both publicly and privately, because there are some real challenges associated with it.

FUNDING FOR ENTRY-EXIT

Senator GREGG. Well, you have got $360 million that was forced upon, in my opinion, forced into the account. I would just hope that it is not going to be spent on the program that was proposed.

Secretary RIDGE. Senator, we are going to move incrementally on this program. I think the Congress has given us a mandate to come up with that system, with a biometric identifier at our airports and seaports by the end of the year. I think that is doable, although there are enormous challenges associated with it, because it is clear in the legislative intent and we want to have a biometric standard or standards so that we can verify the individual who is coming across our borders, the one to whom they issued the visa. So we need fingerprints, probably need photos. Some of the countries are using iris scans.

That is the kind of information we would secure in a consular's office or in an embassy elsewhere. So we have to make sure they have the technology to put it on the identifier, put it on the card. We have to have the database secured and the technology at the port of entry to confirm who they are. So there are enormous technological problems. I think there are systems that are out there that we can apply.

We are going to push real hard to meet the deadline that Congress gave us for the airports and seaports, but I do think that we need to review between now and the end of next year that very specific requirement as it relates to border traffic across the land borders.

Senator GREGG. Are you reviewing the underlying data capabilities of the INS that this whole system would depend on?

Secretary RIDGE. Senator, I am not going to draw any conclusions there until we are finished with our own internal review of that capability and——

Senator GREGG. Are you reviewing it, though?

Secretary RIDGE. Yes, sir.

Senator GREGG. Totally independent of what you are being told by the agency which you absorbed?

Secretary RIDGE. Yes, sir.

Senator GREGG. Thank you.

Secretary RIDGE. Also, to your point, a RFP has not gone out yet. One of the advantages of having a science and technology unit in the new Department is before this part of the Department sends out an RFP, which we know has enormous—there is a huge technology infrastructure associated with it, we are going to have our science and technology people take a look at what is out there and help them design the RFP, some sort of consultation.

Senator GREGG. May I suggest that you take a look at the model that we finally set up at the FBI, because they had so many failures in the area of major computer structures, which was to bring

in an independent group which was essentially an analyst team of very capable private sector people.

Secretary RIDGE. I am familiar with it, Senator, and I will take you up on the suggestion.

Senator COCHRAN. Thank you, Senator Gregg.

Senator Hollings.

PORT VULNERABILITY ASSESSMENTS

Senator HOLLINGS. Thank you, Mr. Chairman.

With respect to the ports, there are 361, 50 major ones. Some have moved along and are working very hard. But the majority sort of talk about an unfunded mandate. How much money, Mr. Secretary, do you provide for the States to provide for these vulnerability assessments that are required by law?

Secretary RIDGE. Senator, first of all, as you pointed out, the Congress has provided substantial resources to do some of these vulnerability assessments, particularly at the 50, 55 strategic ports the Coast Guard is doing, and I believe you included another $38 million in the fiscal year 2003 supplemental because of the Congressional concern that this be accelerated and moved along.

Also, Senator, you have given the Department the discretion of a piece of about $700 million to go out to critical areas based on threat and critical infrastructure, and one of the allowable costs for the applicants for those dollars will be the vulnerability assessments. So I think we have substantial money to deal with that—and we can get the job done at the 55 ports, because as you pointed out, I think there are 360 ports nationwide. We will just have to see how far those dollars go.

But also in this 2004 budget, Senator, there is a request for in excess of $800 million for the information analysis infrastructure protection piece and it is our intention to use some of these dollars for port vulnerability assessments, too.

Senator HOLLINGS. If you have got that money, that is fine business. The $38 million that we were barely able to get into that supplemental is not going to be enough, and so they need more. Specifically for example, now, we required the vessels themselves to put on those transponders and they will have to bear the cost, but we need $57 million for the Coast Guard to put up these towers. Do you have that $57 million?

And don't give me that 10 percent for the Coast Guard. That 10 percent, you give them 50 percent more work to do and responsibility and function and then you are trying to fit it all into that 10 percent, and Admiral Collins just in an article of a hearing again 2 weeks ago, he said he is stretched. We don't have the money. I would like to get that $57 million fixed. Can you give us that?

Secretary RIDGE. Senator, I would have to go back and take a look, but I believe that in conversation and reports I have had with the Admiral, and I don't want to misstate his intent to use the money, but this whole domain awareness and the new command and control center that they are building around the country, is it in this budget? It is my understanding that he can proceed with the funding of the towers and the communication system that he has been trying to set up. I mean, they have to phase it in over

a period of years, but it is my understanding that the dollars available in fiscal year 2004 will let him move that right along without interruption. But I will have to get back to you specifically on that because I am afraid I am not that versed.

[The information follows:]

As an element of their Maritime Strategy for Homeland Security, the Coast Guard is evaluating a project to install a nationwide shore-based Universal Automatic Identification System (AIS) system to enhance Maritime Domain Awareness (MDA). By design, the system would be capable of capturing essential MDA information (vessel identification, position, heading, ship length, beam, type, draft, and hazardous cargo information) from any AIS equipped vessel throughout the coastal zone and displaying the AIS data at command centers for use by operational commanders, as well as transmitting the data to other offices for analysis and monitoring. The costs to build this nationwide network are not yet fully developed. The Coast Guard is currently evaluating the engineering requirements and best approach to implementing this project, thus funding for this system is not included in the Coast Guard's fiscal year 2004 budget request. The Coast Guard intends to execute the combined $27,900,000 provided in the fiscal years 2002 Supplemental and 2003 appropriations to install AIS capability in the VTS ports of New Orleans, Prince William Sound, Houston/Galveston, New York and Port Arthur.

RAIL SECURITY

Senator HOLLINGS. That and those security plans, too, we need the extra money for that. But let me jump quickly to the real security. Now, for example, at tunnels at New York, Baltimore, come down to Washington, there is a tunnel right under the Supreme Court. I know some locals who were ready to use that tunnel a couple years ago.

But where is the money now? We authorized $750 million for rail security on those tunnels alone, and I don't see any money in Homeland Security now for that.

Secretary RIDGE. Senator, I believe that the Transportation Security Administration has resources. They have begun to work with the Federal Railway Administration to do vulnerability assessments at some critical pieces of railroad infrastructure. I know that in our internal assessment in preparation for Liberty Shield we identified several critical pieces of railroad infrastructure that we asked and secured either public or private sector support.

So as we are building up this capacity within the new Department under that directorate, it will not only be the Transportation Security Administration working with the Federal Railroad Administration, but it will be our Department working with the railroads on vulnerability assessments. And again, the fiscal year 2004 budget gives us a rather substantial amount of money in order to do those vulnerability assessments.

Senator HOLLINGS. You talk generally of substantial amount, but it was $750 million there. It was $515 million authorized, of course, for, you say, the railroads, because as you know, we only own about 750 miles of the 22,000 miles of freight rails. They have bridges and vulnerabilities and everything else like that. They say it is an unfunded mandate. You see, that is what we are getting at the committee level.

Secretary RIDGE. Well, I will tell you, Senator, that in my discussions with the folks, private sector folks, publicly traded companies, they have a lot of equity interests, but I think that, by and large, the responsibility of securing critical assets of a privately owned,

profit-generating company rests more with the privately owned, profit-making company than it does with the Federal Government and the taxpayer.

Not everybody has an equity interest in every railroad in the country. Those that do, and I think there is a responsibility of the leadership and the Board of Directors to their employees, to the communities in which they operate it, and to their shareholders, they could at least begin some of these vulnerability assessments themselves to make a determination and work with us in order to get a handle on what they really need as we try to manage the risk.

We will not be able to provide security to every bridge and to every tunnel and to every piece of infrastructure. I think we all understand that. But I think we need to engage this, and I say this in a very positive way, we have been able to engage some of these railroad companies to work with us to identify critical pieces of infrastructure and the debate as to who is paying for it may end up being a very public one, but I will tell you, from our point of view, our communication with the private sector that owns these assets is that, by and large, we want to help you identify the critical pieces of infrastructure. We want to help you do the assessment on what you need in order to secure the infrastructure. But at the end of the day, it is our view that it is much more private sector responsibility than it is a public sector one.

Senator HOLLINGS. Well, we debated that back and forth across the committee. The Congress has authorized $750 million.

Secretary RIDGE. Well, yes——

Senator COCHRAN. Senator, your time has expired.

Senator HOLLINGS. I thank the distinguished chairman.

Senator COCHRAN. Thank you. Senator Murray?

ENTRY-EXIT SYSTEM

Senator MURRAY. Mr. Chairman, thank you, and I first want to associate myself with the comments of Senator Gregg on the entry-exit system. We have some really serious concerns and I appreciate your response back to him and look forward to working with you on that. I think the INS has been eager to do this since the 1996 legislation and it is an area we need to be vigilant on and move forward carefully, so I appreciate your comments.

Also, I want to——

INS EMPLOYEES

Secretary RIDGE. Might I just, there, I think it would be important for the Senator, you have probably done this, but first of all, I do want to say something good about the men and women that work at the INS. They work hard. They haven't necessarily over the years been given the equipment or maybe provided other things that they needed in order to accomplish their task.

But I think on a day-to-day basis, they go to work trying to do the right thing. Maybe they weren't given the right direction. Maybe they weren't given the right information. Maybe they weren't given the right technology. But they work pretty hard.

I know we have a lot more work to do, Senator. Don't get me wrong. I am not trying to sugarcoat some of the problems that have

been identified publicly and that we have identified internally. They are there. Our job is to fix them. But at the end of the day, I just want to relay to you that I was in Los Angeles on Friday talking about ports and airport security with the officials out there, but I stopped for an hour and a half at an immigration and naturalization ceremony, 4,200 new Americans from 135 different countries.

The notion to be present when 4,200 people raise their hands and at the end of taking an oath, regardless of their country of origin, they suddenly became Americans and are now citizens, and the fact that people from 135 countries chose this country to live in, these men and women in INS, that is the job they do. They have a tough job. It is a welcoming job.

We know we have some work to do and we also know that we have friends in Congress on both sides of the aisle that want to help us get it right, and that is what we need to do in the years ahead.

OPERATION SAFE COMMERCE

Senator MURRAY. Thank you. I also want to follow up on Senator Hollings' concerns about ports and continued security is an issue. I have been very concerned about the Seattle-Tacoma port, third largest in the Nation. We have been working closely with them and other ports.

In 2002, we gave you $28 million for Operation Safe Commerce and $30 million in 2003, and as I said in my opening comments, this is an initiative that will enable the security of 6 million containers that enter our ports every year to be monitored from the time they are loaded to the time they are unloaded. It is extremely important that we begin to understand what is coming into our ports, and this is a really important operation, but so far, none of that money has been spent, despite all of our pushing, and I wanted you to explain to the subcommittee why the Department has not moved forward on Operation Safe Commerce that has now been funded in two separate fiscal years and can you assure me that we are going to see some movement on this.

Secretary RIDGE. Senator, I believe we are in the process, with regard to the 2003 package I am most familiar with, in coming up with some grants guidance to distribute those dollars. I believe that——

Senator MURRAY. Well, Operation Safe Commerce is a pilot project targeted to the three top ports, and the ports, everybody is ready. They have submitted their grants. They are waiting to hear from all of you, and we were told that originally it was February. Now, it is June, could be pushed. These people are ready to go. They have projects in place. They know what they need to be doing. They are waiting for the money.

Secretary RIDGE. Senator, let me review it and get back to you on that.

[The information follows:]

The Ports of (1) Los Angeles and Long Beach; (2) Seattle and Tacoma; and (3) the Port Authority of New York and New Jersey have submitted proposals for funding consideration under this initiative. The application closing date for OSC proposals was March 20, 2003. Representatives from the Bureau of Customs and Bor-

der Protection, Department of Transportation, U.S. Coast Guard, Department of Commerce and the Transportation Security Administration are currently evaluating the applications. Evaluation and selection estimates are expected to be completed by early May with award announcement following contract negotiations and congressional notification estimated for early July 2003.

Senator MURRAY. I would really appreciate it. We cannot allow 6 million containers a year to continue to come into our ports without monitoring. We are ready to go with a project that works and we just are waiting for your office——

CONTAINER SECURITY INITIATIVE

Secretary RIDGE. If I might, Senator, I appreciate that very much, but we also need to understand that we have begun layering other defenses to review that cargo before it gets to any of the domestic ports. You have given us $60 or $70 million for the Container Security Initiative that is up and running and we are tying into more and more foreign ports. You have also given us substantial dollars to enhance the Coast Guard's capability to target high-risk cargo.

The number goes around, and people use the number, well, we only board 2 or 3 percent of the cargo ships in the country. But I would say to you, we board 100 percent of the cargo ships that we think are high-risk cargo ships. So we have started——

OPERATION SAFE COMMERCE

Senator MURRAY. The point of Operation Safe Commerce is to begin to know what is in those containers, and if you could take a look at it and get back to me——

Secretary RIDGE. Sure. I would be very pleased to and look forward to communicating——

Senator MURRAY [continuing]. I think you will be pleased with what you see the ports doing. They are just waiting for the go-ahead from your agency, so if you could check that.

TRAINING STANDARDS

I know my time is short. I just wanted to also really bring up the issue of a national strategy on training. We have a lot of people out there who want to do what they need to do in terms of homeland security but training is a real issue. I wondered if you could tell us what is the status of a national strategy on getting these folks trained and when we can expect some progress and seeing something from your office on that.

Secretary RIDGE. Senator, we are obliged and will provide standards and certification of training, of communications, of equipment. Again, with great respect, the Department has been up and operational for only about 60 days. FEMA has been working on it. We have been doing some work with the Department of Justice.

Again, one of the very important roles of the new Department that you highlighted in your question is that somebody in the Federal Government has to start setting standards, standards for training, standards for equipment, the standards for interoperability, and that is one of our primary tasks.

So again, I would assure you that the process of setting those training standards—as you know, we have four or five national

training centers. I must tell you that hardly a day goes by that somebody else doesn't want to start another national training center somewhere else in this country——

Senator MURRAY. That is exactly why I think we need a national strategy, so we all——

Secretary RIDGE. You are absolutely right. You are right on target. If we develop the national training standard and the national model and we set aside *x*-number of dollars for States or regions, there is no need to build more national training centers if we have a model to train with. The training can be done intra-state. But we have to set the standard.

Senator COCHRAN. The Senator's time has expired.

Senator MURRAY. I appreciate that, and I would just hope that you look at the National Guard in terms of providing that training. They do much of that already and I think we don't want to lose that.

Senator COCHRAN. Senator Leahy?

Senator LEAHY. Thank you, Mr. Chairman, and Governor, Secretary, thank you for being here. There are probably days when you feel as though you live up here on the Hill. I assume that is because you feel it is the safest place in the country to be.

FORMULA FOR STATE AND LOCAL PREPAREDNESS GRANTS

We have spoken many times, both in hearings and privately, on how to fairly allocate domestic terrorism preparedness plans to our States and local communities, and as you know, I have had some interest in that even in our little State of Vermont. I authored and added to the USA PATRIOT Act the provision creating an all-State minimum for the Office for Domestic Preparedness. Each State receives at least three-quarters of 1 percent of the national allotment.

Currently, 35 to 40 percent of ODP grants are distributed equally to the States. The rest are given out in various factors. For example, $2.6 billion allocated in fiscal year 2003, at least $1.7 billion of that would go to those places deemed to be major terrorist targets.

I now hear that officials from your Department plan to announce soon whether they will propose a change in the formula to be issued. I ask and I want you to know that when the supplemental appropriations went through, the managers specifically included reference to the all-State minimum, reaffirming Congress's support to the all-State minimum, at the same time, providing additional money for those obvious targets, like Washington, D.C. or New York City. So are we going to see a new proposal coming out?

Secretary RIDGE. Senator, thank you for asking the question.

Senator LEAHY. I am sure it surprised you that I asked this.

Secretary RIDGE. You and I have had this discussion, and frankly, we need to have more, both public and private, discussions with you and your colleagues because this is one of the most important things we can do in the fiscal year 2004 budget.

As of today, the Department of Homeland Security will put the applications online for that $1.5 billion and we have got the Congress appropriated $1.3 billion 80/20, $200 million of 50/50 State and local. You did give us with those dollars, the flexibility to de-

part from the basic traditional ODP funding formula. You also gave us $700 million for the high-threat, high-vulnerability areas.

We have made an internal decision, Senator, to use the traditional formula for the $1.3 billion. We ran a variety of numbers back and forth——

Senator LEAHY. What do you mean by traditional formula?

Secretary RIDGE. It is the funding formula that says you start with three-quarters of 1 percent per State——

Senator LEAHY. Which is what I wrote into the PATRIOT Act——

Secretary RIDGE [continuing]. Plus population, and we really appreciated being given the discretion, but I really thought the traditional formula would be more appropriate for that pool of dollars, because applying a threat vulnerability and critical infrastructure piece on top of that is going to take some work with the Congress of the United States in order to come up with that formula. So those dollars will be distributed according to the traditional formula.

It is much easier for us to—it is very difficult on a Statewide basis, at least it was in the few days, in the several days we have had to work out a formula, to take a threat assessment and an assessment of critical infrastructure and apply it nationally. It is a lot easier to apply that kind of approach to a major municipal area or region. So——

Senator LEAHY. But we have given extra money for that.

Secretary RIDGE. And we are going to use the discretion. So in answer to your question, the largest pool of funds are going out to the traditional.

Senator LEAHY. Okay.

Secretary RIDGE. Vermont is going to get their money. Every other State is going to get their share of those dollars under the traditional formula until we can reach an agreement with Congress as to what the modifications might be for the new allocation, because I do think we need to change it, but——

Senator LEAHY. Is this traditional going to be part of the fiscal year 2004——

Secretary RIDGE. That is the conversation and the debate probably that you and I and others will have, Senator.

Senator LEAHY. Well, let us——

Secretary RIDGE. The answer ultimately——

Senator LEAHY [continuing]. I mean, look at that managers' statement when we have it, because there is still a lot of support for that.

Secretary RIDGE. And I believe that there should be a minimum going to every State.

Senator LEAHY. I mean, just to set up the office, put the phones, and have people in, whether you are a small State or a large State, there are certain basic costs that are going to be the same.

Secretary RIDGE. Right, and I agree. I do think, however, and it bears debate and hopefully some changes in how we distribute dollars in the future, that coming to some agreement with Congress with regard to what value you add to a threat over a year period if the presence of critical infrastructure in that area or in that

State, that is a lot easier to take that information, Senator, and apply it to a municipal area or to a region——

Senator LEAHY. And also——

Secretary RIDGE [continuing]. It is a lot easier to do that than it is to a State.

Senator LEAHY. Also, the State might be—I mean, this isn't part of my State, but you might have a small State in population but they have got a port or whatever else it might be.

Secretary RIDGE. Right.

Senator LEAHY. I will submit some questions there, but I would like to sit down with you and talk to you about this.

Secretary RIDGE. I look forward to it, Senator. We need to.

TOWNHALL MEETINGS WITH INS EMPLOYEES

Senator LEAHY. Also, we talked about INS and I talked to Under Secretary Hutchinson about this. He mentioned the town hall meetings you have done with new DHS employees in Miami and elsewhere. We have 1,600, or more than that, but were INS employees who are now DHS employees in Vermont. They are those hard working, patriotic, conscientious people you have talked about.

I would invite either you or Under Secretary Hutchinson to come to Vermont and talk with them. I think you would find it—the snow has gone away, but from Pennsylvania, you know—Senator Harkin says it is down to two feet deep, but you understand what weather is.

But I think—the reason I mention this, even though it is a small State, this is actually one of your larger installations. I would urge you or Asa to come up. These people are not political. They are not partisan. They are concerned Americans. I think you would benefit by it and I know they would benefit by it, but I also think DHS overall would benefit by it. So I would urge you to do that. I think you would be welcomed by everybody from the governor on through on that. The governor and I are different parties, but I think we would join equally in your welcome.

Secretary RIDGE. Thank you, Senator. I appreciate that invitation.

Senator LEAHY. Thank you, Mr. Chairman.

Senator COCHRAN. Thank you, Senator Leahy, for your contributions to the hearing.

Senator Harkin.

DHS COORDINATION WITH STATE OFFICES

Senator HARKIN. Thank you, Mr. Chairman.

Mr. Secretary, I just have basically three questions. One has to do with a coordination between DHS and State offices. In the last session we had, I asked you a question and you responded in writing regarding two sites in Iowa that were supposed to be protected. The letter I got from your office said, and I quote, "Governors and State homeland security providers were provided with examples of facilities and systems within their States that met these criteria from a Federal perspective. These references are intended as examples only," et cetera, et cetera.

So I passed that back out to Iowa and they said that that was not right, that Iowa was told that the two specific bridges were the ones to be protected, and that seemed to be the view from several other State directors, as well. In fact, one sent an e-mail that they said that they were specifically told by FEMA that this answer that I got was not correct, that sites were specifically told to be protected.

So again, I want to get this cleared up because there seems to be some concern, and I can say openly that the two sites in Iowa are two railroad bridges that go over the Mississippi. Well, we have got two rivers. We have got the Mississippi on one side and the Missouri on the other. Those railroads keep going on, so you protect two on one side but nothing on the other side.

I am wondering about the coordination here. That is my question, just on coordination between the State offices and DHS. Iowans feel they were told they have got to do those two sites and nothing else, and what I am getting from your office is, no, those were just supposed to be examples but not specific. I am trying to get this kind of cleared up, is all.

Secretary RIDGE. First of all, Senator, I appreciate the inquiry. There were, and I can't assess right now he said, she said, what was said.

Senator HARKIN. I know that.

Secretary RIDGE. Clearly, we gave specific directions to some communities to deal with specific pieces of infrastructure, and I know that for a fact.

Senator HARKIN. I can believe that, yes.

Secretary RIDGE. Whether or not those were included in the communication to Iowa, I will go back and double-check. The point being, however, that as we ramped up Liberty Shield, in addition to providing Federal direction to secure certain pieces based on our analysis of risk management and the loss that would be incurred if something transpired at that particular site, we also said to governors, that is what we want you to do, but, I mean, at some point in time, we have to rely on the governors and others who may view other pieces of infrastructure that they want to support and defend and secure, as well.

So I will get back to you on that. But the challenge we have, and we accept the challenge, is communicating in a timely and accurate way the kind of support we need with our friends at the State and local level, and I believe that there is no other agency in the history of the Federal Government that communicates more frequently with the States and locals.

[The information follows:]

At the onset of Operation Liberty Shield, the Iowa State Homeland Security Advisor was specifically asked by the Department of Homeland Security to do two things: protect specific sites, and identify other sites that should also receive protection, based on a set of criteria that the Department provided. Specifically, we requested that Iowa:

—Ensure that appropriate, visible, protective measures were in place for the following two critical assets:
  —BNSF Iowa End Rail Bridge—Fort Madison, Iowa
  —Union Pacific Iowa End Rail Bridge Clinton, Iowa
—Based on an additional set of 13 law enforcement sensitive criteria provided to every State and Territorial Homeland Security Advisor, identify any other as-

sets in the State of Iowa that met these criteria, and consider putting protective measures in place at these sites, as well.

The Department provided a report template and asked the states to report periodically on specific actions taken in response to Operation Liberty Shield. The Department also told the States, through their Homeland Security Advisors, that it would be requesting supplemental appropriations in order to try and help defer costs for actions taken by the States during Liberty Shield.

Secretary RIDGE. We think we have a good communications system now, Senator, but we know it has to be better because the relationship for us to be able to secure the country is going to have to be a lot stronger and the confusion that arises in your statement, we cannot afford to have that occur if we are to secure the country in times of need. There should be no hesitation if instructions are given, secure that place, and we all need to understand that.

Senator HARKIN. I appreciate that very much.

PARALLEL EMERGENCY MANAGEMENT EFFORTS

I was meeting with some of my fire fighters from Iowa recently this morning and it has been brought to my attention that there is a concern in my State that some of the new provisions for training is going almost on a parallel level with what is already existing with the existing Fire Marshal in Iowa. We have the Iowa Department of Emergency Management that does the DHS work, where your efforts flow through. They want to set up, for example, new training teams for bomb disposal. That already exists under the Fire Service Training Bureau in Iowa, the Fire Marshal. As they told me, first responders need to be trained in the basics like hazmat, basic fire fighting training. That already exists.

But now, it seems that the Iowa Department of Emergency Management is going to set up other parallel types of systems when this is already existing, and so again, I am wondering if we are looking at existing structures within States that already do the kind of hazmat training, basic fire fighting training, things that are already in place, utilizing them rather than setting up some parallel kind of structure.

Secretary RIDGE. Senator, you tee it up for me. This is precisely why I believe that once our Department sets standards for this kind of training, each State should be required to submit a plan to tell us what agency within that State is going to provide the training. It makes no sense, to your question, to have two or three centers unless the capacity matches the need, but to be setting up two separate, independent training programs that may only be operating at 50 percent capacity, particularly when you already have an existing training program. I mean, that goes to the very rationale behind setting up State plans to deal with questions of training, equipment acquisition, distribution of funds, and the like. The question is germane as to what we are trying to avoid in the future.

COSTS OF PROTECTING INFRASTRUCTURE

Senator HARKIN. I appreciate that very much, Mr. Secretary. One last thing, or two last things.

I looked at the cost supposedly for protecting these two bridges in Iowa and it comes out that the cumulative daily cost estimate

to protect these two bridges is $11,000 a day, and I am wondering if I can get that contract.

Eleven-thousand dollars a day. Now, this is not from you. This is coming out from underneath.

Secretary RIDGE. We have to beat a lot of other people to the head of the line, Senator.

Senator HARKIN. I think so. But I am hopeful—I say it because I am looking at the cost breakdown, and I am saying, if this is what is going on around the country, because we are spending a lot of money, I think, needlessly.

So I guess my point is, I hope that you have a good Inspector General on board and to really start taking a look at some of these cost estimates that come in and what they are doing. I look at this, to protect two bridges, per day, $11,000 a day. It just doesn't make sense.

Secretary RIDGE. One of our goals, Senator, now that we have stood down Liberty Shield, is to go back and review at different sites the costs that were allegedly incurred at each site, and I think after this, we debrief ourselves and scrub all those numbers and then compare them to what otherwise might have occurred, we will be able to report back to you and give you an answer, if that is the common occurring cost or if there is a cheaper and more efficient way of providing the security at those bridges.

Senator HARKIN. Well, I sure hope you look at this and I hope you have got good watchdogs down there to look at this——

Secretary RIDGE. We will.

Senator HARKIN [continuing]. Because this stuff is coming up, and I am not saying that the bridges aren't vital and needed, but the cost of this protection is just way out of line, just way out of line. Again, I am just concerned, if this, what happens when you multiply that by all the different sites around the country and what you are doing and how much money this is. So I hope you will really look at it.

Secretary RIDGE. It does, and it also gives to mind, Senator, if you will, the notion that we don't have enough money in the Federal Treasury, the State treasury, and the personal pocketbooks of every American citizen to harden every target, every site. We have to manage the risk, and determine what is the infrastructure that if it was destroyed would result in the greatest loss, catastrophic loss of life? What is the infrastructure, if destroyed, would have the greatest catastrophic economic impact?

I know as a former governor in Pennsylvania, I had over 100,000 bridges. There were some that I had to consider were far more important to safety, security, and economic matters than others, and I think that is the kind of assessment that we have to do nationally, and we have to have our friends at the State and local level help us with it.

COLLABORATION WITH CIVIL AIR PATROL

Senator HARKIN. One last thing. I know you met with the Civil Air Patrol.

Secretary RIDGE. Yes.

Senator HARKIN. I appreciate that very much, and I hope you are going to continue to work with the Civil Air Patrol.

Secretary RIDGE. We had a very good discussion with them. As you pointed out in our earlier conversation, they do provide considerable benefit as they work with some of the other units of the new Department and we are going to look for ways to take advantage of their patriotism, their equipment, and their professionalism and see if we can expand their mission in certain areas.

Senator HARKIN. And they are cost effective.

Secretary RIDGE. Oh, absolutely.

Senator HARKIN. Thank you very much, Mr. Chairman.

MANAGEMENT OF FIRST RESPONDER INITIATIVES

Senator COCHRAN. Thank you, Senator, for your contribution to the hearing.

Mr. Secretary, the fiscal year 2004 budget request proposes to manage the first responder initiative through the Office for Domestic Preparedness and the budget requests $3.5 billion in funding. You are earmarking $500 million for fire fighters' assistance and $500 million for law enforcement. My question is, how do you propose to allocate these funds to fire fighters and law enforcement agencies? Do you intend, for example, to retain the current grant programs now managed by the Emergency Preparedness and Response Directorate which provide emergency management performance grants to States or grants directly to fire departments through the Assistance to Fire Fighters grant program?

Secretary RIDGE. Senator, the $500 million that we have earmarked for the fire departments, though we do want to shift it from the Emergency Preparedness and Response Directorate over to ODP, would be distributed according to past practice. Again, we would like the dollars distributed for equipment and training exercises consistent with a Statewide plan to build up their capacity to deal with emergencies. But they have a very thorough review process that they have put into place and I think everybody's interest would be best served if we just continued that practice.

HIGH THREAT URBAN AREAS

Senator COCHRAN. There was $100 million in fiscal year 2003 funds announced by the Department on April 8 to high-threat urban areas.

Secretary RIDGE. Correct.

Senator COCHRAN. This included distributions to seven cities—New York City, Washington, D.C. and the National Capital Region, Los Angeles, Seattle, Chicago, San Francisco, and Houston. Do you intend to use the same formula? I presume there was a formula used for awarding these funds. Are you going to continue to use that for the additional $700 million provided in the fiscal year 2003 Wartime Supplemental Appropriations Act?

Secretary RIDGE. Senator, that is our intention. As I mentioned to Senator Leahy, part of the discussion we need to have, and hopefully we can resolve it in the fiscal year 2004 appropriations process, is the formula that you would direct the Department and this Secretary to use—that we need some more permanency, I think, with regard to the funding formula and maybe more specificity. But you have given us the discretion.

We find that it is much easier to go to the FBI, go to the CIA, go to our own intelligence analysts and render an assessment with regard to threat and vulnerability around a locality rather than a State because of the nature of the information we receive. So we would take that assessment. We put a value on it. We take a look at the critical infrastructure in a region, and more often than not, you will find in a more densely-populated area, either a city or a county, you will find a lot of the critical infrastructure that you need to protect, for obvious reasons.

And so the funding formula that we used before took in threat and vulnerability, critical infrastructure, both public and private, and then density of population. We assigned values to it and we are going to use basically the same system. Because we have seven times as much money, the distribution of those dollars will be much wider. We made the decision internally, Senator, that we could give a little to a bunch of places and they wouldn't be able to do significant things with it, and if it is about building up infrastructure and hardening targets, we decided that would limit it. But the generosity of the Congress, coupled with the same discretion, means that more cities will benefit, more regions will benefit.

WATCH LISTS

Senator COCHRAN. Thank you for that. I noticed in today's papers there was a discussion of a GAO report that is being made available today, and, as usual, the content of that report was leaked to the press through advance stories. It had to do with the so-called watch list——

Secretary RIDGE. Right.

Senator COCHRAN [continuing]. And the way that is compiled. I don't know whether you have had an opportunity to review the report—I don't see how you could—but you may have some information about it and at least have some information about whether or not we are making progress, and that is the question, to centralize and to have a coherent way of determining who we should be on the lookout for as they are trying to come into our country or move around the country that pose a threat to our Nation's security.

What about the watch list issue? Is there going to be, and when can we expect there to be a watch list that can be shared with local officials and others that need to know so they can participate in doing their jobs, helping contribute to the safety and security of our country in this way?

Secretary RIDGE. Senator, we began working with the multiple agencies that generate watch lists many, many months ago to consolidate not only the database, but then to make sure that the right people had access to the entire database. That has been an ongoing initiative within the White House and now in the Department of Homeland Security. It will be facilitated enormously as a result of the creation of the President's Terrorist Threat Integration Center, which will be the venue that this kind of information is consolidated.

So I can't give you a specific time frame. I think we are fairly close to finalizing the consolidation itself. The next piece of that is making sure that we have the technology to distribute the information to the points of interest and concern around the country and

around the world so they can take advantage of it. Part of the time delay is just making sure that people with the same names or similar names on multiple databases are—confirming they are the same or different individuals. I mean, there is a technical piece to this that has been a little cumbersome.

TERRORIST THREAT INTEGRATION CENTER

But under the President's Terrorist Threat Integration Center, you will see the consolidation and then the distribution of these, and the time table, I think, will be more easily identified in the next couple of weeks. I think we can give you a more specific answer on that.

[The information follows:]

The GAO is correct in its assessment that the government's approach to using watch lists is decentralized because the lists were developed in response to individual agencies' unique missions. Those historical missions include the duties of the law enforcement and intelligence communities, and now include the mission to defend the homeland. The effort to consolidate and establish the connectivity of information contained in historical databases, from which watch lists may be generated, requires close coordination among my Information Analysis and Infrastructure Protection Directorate, several other Departments, and the Terrorist Threat Integration Center. Discussions among the interested parties to effect the sharing and consolidation of information are ongoing, and all parties are working to establish a timeframe for implementation.

Senator COCHRAN. When we were considering the legislation in the Governmental Affairs Committee, we assumed that the Department of Homeland Security would actually do this and would be the lead agency in the Administration to do this, and then the creation of the Terrorist Threat Integration Center that you just talked about seems to either be supplanting or supplementing in some way the work of the Department. Are you still going to conduct your own intelligence analysis?

Secretary RIDGE. Oh, yes, absolutely.

Senator COCHRAN. Are you going to get information from the intelligence agencies and compile that and analyze it and then give it to the White House, to this Terrorist Threat Integration Center? How is that going to work?

Secretary RIDGE. Senator, first of all, we are going to continue to work and have been working with the CIA, the FBI, and the Department of Defense to set up the Terrorist Threat Integration Center. They are aware of our work to integrate the databases because we were working with those agencies. One of the advantages of having this much broader Threat Integration Center is that we will have a much more substantial capacity, not only to integrate names but actually start working on individuals and building up the kind of information base about these individuals and their potential conduct.

Having said that, the Congress said very specifically that we are to have our own Information Analysis and Infrastructure Protection Directorate. We will be a full partner in the Threat Integration Center. We will take some of our analysts and have them working on the analytical and assessment products that are generated by the Threat Integration Center. But that will not be a substitute for our own analysts working in that directorate. It won't be a substitute for our own competitive analysis.

The difference will be that the analyst in the Threat Integration Center, and here, this is where it adds enormous value to the new Department, those analysts as full partners have access to everything. We are a provider of information to the TTIC. We are also a consumer. The analysts that we have from our Department in that center are going to have access to all the raw data, all the reports, everything that everybody else has. The analysts in our Department won't have that access directly, but they will have it indirectly through their counterparts in the Threat Integration Center. So we view it as a full partnership. We view it as enormous value added to the unit that Congress authorized in the legislation creating the Department.

Senator COCHRAN. Thank you. Senator Byrd.

Senator BYRD. Thank you, Mr. Chairman, and again, thank you, Mr. Secretary.

FEDERAL EMPLOYEE RIGHTS UNDER DHS

One of the most contentious issues during last year's debate on the creation of your Department, Mr. Secretary, involved the administration's plan for its treatment of the thousands of Federal employees that were being pulled away from their various agencies with their differing pay and benefit structures and merged into this huge new entity. Many were and many still are concerned that their hard work and their years of service would amount to little more, or to nothing, perhaps, once the final personnel plan is formulated at the end of this year.

Now, their fears are compounded, and so are mine, may I say, when they read the administration's proposal to undertake a massive overhaul of the Department of Defense's personnel system. I suppose we are talking about 660,000 persons there or some such number.

I find it more than ironic to learn about these plans to contract out secret services. After the terrorist attacks on September 11, 2001, we found out, to date, about some of the inefficiencies that private security contractors brought to our Nation's airports. There were gaps in security. There were lax background checks. We heard about the failure rates in security screens. We heard that there were criminal aliens, even, who were being employed by these security agencies to check passengers, to check baggage and so on at the Nation's airports. I was astounded, and I am sure other people were, too, to learn that, that there were aliens and even criminal aliens—aliens who had criminal records, perhaps I had better put it that way—who were employed by these private security contractors.

To address some of these problems, Congress created the Transportation Security Administration. We federalized the security system. Private contractors had failed, so we stepped in. One mission of this new agency was to do a better job than the private contractors.

Now, believe it or not, we hear of plans to contract out security functions again. I am dumfounded. Have we not learned any lesson from September 11? Now, this is an enormous, an enormous opportunity for abuse, and it is coming.

In this regard, what is your Department contemplating in the area of contracting out current Federal jobs, Mr. Secretary?

OUTSOURCING FEDERAL JOBS

Secretary RIDGE. Senator, you referred, first of all, to the work we have undertaken to harmonize dozens and dozens of pay and personnel systems that are part of the 22 departments and agencies that have become part of the Department of Homeland Security, and first, I want to assure you that the men and women represented in those agencies are very much involved in the process of developing that personnel system. We have begun. We had discussions with the representatives of both the organized workforce and the non-union workforce to set up the process. We have a fairly significant outreach effort where members of the team are going to visit, I think as many as six cities, where we are going to bring the employees from the different agencies in to talk about it.

We also have assured them, and the Congress in this language creating the Department assured them, that the personnel system will be based on the principles of merit and fairness and that the historic protections afforded Federal employees will be provided in the new human personnel system. So that process has moved forward.

I am aware of the concerns that you raised, the privatization of the security force with regard to airport security prior to TSA, and Senator, I can't tell you today that we have any plans to privatize any of this work out. But I also cannot tell you today that there may be occasions in the future where if we find it is appropriate to get additional support through the private sector, we will.

But I have, as we speak today, engaged in these discussions with these men and women, 175,000 strong. We have no plans to privatize our support at the borders, our work at the national labs, privatizing what used to be the investigative or the inspective role of the Animal Plant Health and Inspection Service, the legacy Customs or INS.

Frankly, Senator, the beautiful thing about the new Department, and for all those who say that it is such a tough job, is that we, unlike the TSA, do not have to go out and hire 45,000 or 50,000 people and train them to do the job. Most of the men and women that are working in the new Department have been at their job for a long time and do it pretty well. We have to give them, I think, the kind of leadership, the kind of support, and the kind of technology so that they can do it even better. But right now, Senator, we don't have any plans of privatizing that critical work out to the private sector.

Senator BYRD. Mr. Secretary, are there proposals under consideration to contract out existing activities in specific agencies?

Secretary RIDGE. It is a big agency and I can't tell you that I see the contracts that my colleagues are signing on a day-to-day basis. Over a period of a year, there will be literally hundreds and hundreds. But I am not presently aware of any contracting out of existing responsibilities that the men and women are presently engaged in.

Senator BYRD. So your answer is——

Secretary RIDGE. To my knowledge, the answer is no.

Senator BYRD. So——

Secretary RIDGE. There may have been some contracts that were let for privatization before the Department was created. That could very well be the situation, and where they are, I don't know. I mean, I think it is possible. But in terms of new ones, I am not aware of any.

Senator BYRD. Do you not feel that you should be made aware of such?

Secretary RIDGE. I think, given the sensitivity of where we are with the negotiations, with the employees, the concern that members of Congress would have without that course of action, that is why I feel pretty confident in telling you that I am not aware of any right now because I think I would be made aware if it was an intention. I would hopefully be made aware when it was an intention to do rather than a contract that was let.

Senator BYRD. Well, Mr. Secretary, I would hope—this is a very—I would say this is a very serious issue. We are going to hear more about contracting out. William Wordsworth said, no matter how high you are in your department, you are responsible for what the lowliest clerk is doing. And so this, I dare say, will not be the last time that questions will be asked about contracting out, and I would adjure you to not just wait until you are made aware of such, but that you make it your business to become aware and let the subcommittee know what criteria would be used and what examples of activities that are being considered. Would you do that?

Secretary RIDGE. I will, Senator.

Senator BYRD. Agencies are encouraged to submit management plans to the OMB which incorporate the competitive sourcing quotas outlined in the President's budget. Information from the OMB indicates that these plans, while submitted to the OMB for approval, can be released to the public at the discretion of the agency heads. If this subcommittee is to appropriate $36 billion to employ 179,000 full-time equivalent positions, the subcommittee would expect you to provide Congress with a copy of any management plan or competitive sourcing proposal that the Department submits to the OMB. When do you expect to submit a management plan to the OMB and how soon could that plan be made available to this committee?

Secretary RIDGE. Senator, if we understand your very appropriate question correctly, I think it would be submitted to them by the end of August.

Senator BYRD. Would the Secretary——

Secretary RIDGE. The end of August is the timeframe. The end of August.

Senator BYRD. The end of August?

Secretary RIDGE. Yes, sir.

Senator BYRD. Very well. I hope, Mr. Secretary, you will take a long look at this matter of contracting out and make yourself aware of what is going on in this area. If there is something going on, I hope you will take a long look.

The safety and the security of the Nation, that is what you are talking about. That is what we are talking about. That is what the American people expect. The safety and security of the Nation should not become a for-profit endeavor. Security of the people

should be the driving motivation, and I believe in my heart that that is the way you see it. The security of the people should be the driving motivation, not a business bottom line.

Very well, Mr. Chairman. Are we going to meet later? We are going to have a vote at noon, are we?

Senator COCHRAN. Senator Byrd, that is my understanding. A vote was supposed to occur at 12 o'clock noon, and it is 12 o'clock. I hope we can recognize Senator Specter, who has come back and did not ask questions. He did make an opening statement. My intention would be to recognize Senator Specter, and then if we do have a vote, simply declare a recess. I have two or three more questions to ask the Secretary, and I think you do, too.

Senator BYRD. Yes, thank you, Mr. Chairman. I also have an appointment at one o'clock. I wonder if the committee chairman and the Secretary could consider coming back at 1:30 or 2:00——

Senator COCHRAN. My hope is that we could be through by one o'clock, so that wouldn't interfere with your appointment.

Senator BYRD. Oh, you don't——

Senator COCHRAN. My hope would be that we would go vote at 12 o'clock, or as soon thereafter as the signal is given for the vote, and we could return and complete our questions by one o'clock.

Senator BYRD. I see. I see. So if a Senator has a stomach ulcer, he will just have to bear with it——

Senator COCHRAN. And that don't might have one, or might get one. We can sympathize with that Senator more appropriately.

Senator BYRD. I have several questions, if the——

Senator COCHRAN. I hope we could complete action by one o'clock, Senator, if we can. I would like to try, anyway.

Senator BYRD. Very well. I will try with you.

Senator COCHRAN. That is great. Senator Specter.

Senator SPECTER. Thank you, Mr. Chairman.

WATCH LISTS

Mr. Secretary, are you familiar with the issue of the watch list information which various Federal agencies have? That was a critical factor on September 11 when two of the hijackers from Kuala Lumpur were known by the CIA, and information about them was not transmitted to the Immigration and Naturalization Service. The reports of the General Accounting Office, which are released today, makes a rather pointed comment that some agencies do not even have policies for sharing watch list information, and my question is, to what extent is that true?

Secretary RIDGE. Senator, we began the work several months ago when I served the President as the Assistant to the President for Homeland Security and we have continued that work in the new Department. I have not seen the GAO report, so I can't respond specifically, but to accelerate the creation of those essential memorandums so that there was not only a consolidation of the watch lists that are generated by multiple agencies in this government and a confirmation of the accuracy of the information and names on that list, but also a distribution mechanism so that the right people could get access to the consolidated list.

That is something we have been working on for several months. It is something that I believe will be accelerated with the creation

of the Terrorist Threat Integration Center that the President has created by Executive Order, which is going to be directed by the CIA, the Deputy Directors from the FBI, and then the two Associate Directors will be from the Department of Homeland Security and from DOD.

I haven't seen the report. I read the press accounts of the report. It is something that we began working on several months ago. We have accelerated the process. We ran into some complications along the way. We have overcome those, and I think with the TTIC creation, it will accelerate it and get it to the point where you and I believe that it needs to exist, one venue, consolidated database, but just as importantly of having all the information in one place, making sure that the right people have access to all the information.

INFORMATION SHARING

Senator SPECTER. Mr. Secretary, the report goes into the issue of the cultural differences, which has long been a critical factor as to whether the CIA and FBI could really put aside decades of isolation, very deep-seated feelings of maintaining their own information. What is your evaluation, if there has been enough time to come to a conclusion, as to whether those cultural differences have been surmounted?

Secretary RIDGE. Senator, I believe that with the leadership of the two principals, that is precisely the direction that Director Tenet and Director Mueller are seeking to—they are not seeking, they are going in that direction. One of the big challenges I believe Director Mueller had, and you have alluded to it in both private conversation with me and, I presume with Director Mueller, but also in public comment, that the FBI prior to 9/11 had a lot of information even intra-agency that was not consolidated, that other folks in other parts of the agency that might have had a point of view or could have used that information didn't have access to it.

With the support of Congress and several hundred million dollars and a team that the Director has brought in, the consolidation of that and the information sharing consistently gets better within the FBI. I see evidence of it every single day, and I believe that the placement of analysts from the Department of Homeland Security side-by-side with analysts from the CIA and analysts from the FBI and other agencies in the Threat Integration Center will virtually assure the kind of consolidation and integration that you are talking about. Time will tell, but I am very optimistic on the capabilities and the capacity of this new Integration Center.

Senator SPECTER. Besides the General Accounting Office report, there was a report by local law enforcement and a comment by the Chief of Police in Raleigh, North Carolina, Chief Jane Hurlow, who was an author of the report, said that local police are, used the word "frustrated" by what they saw as the FBI's unwillingness to share its vast resources and expertise. Now, that may be outside of the scope of what you have seen directly, but what would your view of that be?

Secretary RIDGE. My sense is that it is probably not the distribution of the kind of information that the local law enforcement community seeks and, frankly, as a country, I believe we need, is not as even and is not as complete, that we need to develop a system

of distribution, and again, I believe the presence of the Department of Homeland Security and the Threat Integration Center, the presence of our own analysts within the Department, as well as I consider to be probably one of the best working relationships with State and locals, including law enforcement, of any other agency in the Federal Government, I see we have an opportunity to redress probably the legitimate concern of some of the local law enforcement folks who don't think they are getting the kind of timely and accurate information they need.

Those who are directly connected to the Joint Terrorism Task Forces around the country, they have a point of view, although there may be varying opinions, but in the smaller communities where they may not have quite the same connection, I suspect that there is some concern that they are not as fully informed as they need to be.

To that end, Senator, one of the challenges that we have working with the FBI is making sure they get timely information down, but I have seen a need for us to also ensure there is a mechanism that these law enforcement professionals with whom you worked in Philadelphia, but who are working on the streets in L.A. and in New York City and in Washington, D.C., they are developing their own intelligence gathering capacities. Some have their own linguists. They are starting to connect up their own operations. L.A. is connecting with New York. New York is connecting with Chicago. I suspect that you will have this infrastructure at the local level. They will start seeing patterns. They may see surveillance trends. They may keep their eyes on specific individuals moving around the country. They will have information that they want to share with the Threat Integration Center as well.

So again, they have made a lot of progress, Senator, dramatic improvement, still a way to go, but I think the Threat Integration Center enhances and accelerates the consolidation. We still have work to do to distribute in both directions in order to make it an effective use of all that information.

Senator SPECTER. Mr. Secretary, I am going to submit some questions for the record because the chairman, understandably, wants to conclude the hearing by one o'clock and we have an intervening vote, and I am sure you want to conclude the hearing by one o'clock. I know how frequently you appear on Capitol Hill and I know you have got a lot of work to do.

But what I would like to do, and I would like to mention these topics, when we had the votes during the budget, there was support for the President on not adding money on, and those were some very tough votes—port security, for example, where we have a big port, as you know, having been the Governor of Pennsylvania, in Philadelphia and many other votes, and Senator Byrd has made a suggestion which he has commented about on additional funding, and we really held the line to give you a chance to tell us what expenditures ought to be made.

PUBLIC HEALTH QUESTIONS

But constitutionally, it is the Congress, as you well know because you were a member of the House of Representatives for 12 years, but I would like to know what you have in mind on the issue of

weapons of mass destruction, where you deal with chemical and biological and radiological weapons. What kind of funding there is necessary to have an appropriate response?

And the issue of water safety and food safety is an enormous issue and the experts tell us that there has to be very expensive monitoring which has to be undertaken there.

Then you have the issue of quarantining at points of international entry, which I am told will be enormously expensive. And then there is the question about an attack on the CDC itself, Centers for Disease Control. What kind of costs would be involved there?

A final question I have, which I would like your comment about, if the CDC comes forward and gives us a list of expenses they have on SARS, would you think that is a matter which would appropriately come within your purview to have a coordinated response with CDC? With SARS, that is.

Secretary RIDGE. Senator, I think given that the primary focus of the country relative to public health issues and the primary focus relative to bioterrorism issues and the like is within HHS and we have the extraordinary capacity of CDC and NIH, I think it would be more appropriately a matter for them. But having said that, it is a matter that rises to the level where we all have to take a look at our own budgets to figure out if we can come up with the additional dollars to support a national effort to deal with it. If it gets to the point where we have to do that, obviously, the Department of Homeland Security would want to be at the table to do whatever it could.

But I do think, given the focus, the mission, and the experience, it is more appropriately with HHS.

Senator SPECTER. Thank you very much, Mr. Secretary. Thank you, Mr. Chairman.

Senator COCHRAN. Thank you, Senator Specter, for your contribution to this hearing.

HEADQUARTERS BUILDING

Mr. Secretary, I have a question about your housing situation. I know you are temporarily located in headquarters here in Washington, D.C., at the U.S. Naval Nebraska Avenue Complex. The budget request for fiscal year 2004 includes $30 million to design a new headquarters building and acquire a site for it. The implication is that a decision has been made to construct a new building for the Department of Homeland Security.

I am curious to know what your plans are. Has a decision been made? Have you explored other Federal space that might be available or thought about purchasing an existing facility rather than building a new building? What can you tell us about the need for these funds?

Secretary RIDGE. Senator, first of all, there has been no final decision as to a permanent location. There is quite a bit of work that we are presently undertaking to find a location where we can house more of the Department of Homeland Security. I certainly invite you out to take a look at the facilities at Nebraska Avenue. We are limited because of substantial physical restraints, given the nature

of that facility, so we are engaged in very aggressively looking at a larger temporary facility until a final decision is made.

It is my understanding that the $30 million in the fiscal year 2004 budget is really for site selection and design if and when a final decision is made to build a Department of Homeland Security. Right now, our priority is to get a larger building where we can integrate more of our employees and our technology as we ramp up the new Department.

We are running out of space at Nebraska Avenue. We have people in two or three other locations in the downtown area. In the virtual world, we are hooked up by the computer, but we think there would be enormous efficiencies and a lot better for all of us if we could find a larger venue to at least consolidate a significant portion of our operation. So it is a work in progress.

Senator COCHRAN. We earlier approved transfer requests totaling $125 million for start-up costs, such as furniture, computers, communications equipment, and the like, and most of these funds, I am told, are unobligated. OMB has indicated that planning factors for these expenditures are being reviewed.

I would hope, for the record, you could bring us up to date on the status of this need, the continued need, if any, for this funding, and if it is not needed, we would appreciate your suggestion as to how these funds could be further reprogrammed, if they could be more efficiently used for other purposes.

Secretary RIDGE. Senator, we are going to need them for the headquarters. We put some restraint on the use of those dollars until we can determine whether or not we are going to expand at Nebraska Avenue or if there is another facility available for us to move into.

Candidly, we have spent about half of those dollars. We have been holding up on the other expenditures. We don't want to necessarily make an investment in an infrastructure or in a building or two that we are going to leave in the next 6 months or 18 months. So those dollars will be expended once we make a final decision as to where we are going to consolidate more of our operation, and that is the reason. We just didn't want to run right out there and spend them because we weren't 100 percent sure that for the immediate future we were going to be located at Nebraska Avenue. The decision is pending and we should hopefully have a final decision on that in the next couple of weeks.

PROJECT BIOSHIELD

Senator COCHRAN. We have heard from officials at NIH about the President's proposed new Project BioShield initiative, a program to acquire vaccines, treatments and products to combat bioterrorism. In the budget submission before us from your Department, we notice a request for $890 million in new funds for this initiative. It is a program, as I understand it, to accelerate research, development and procurement of vaccines and medications, devices, and other products to be used against bio-warfare agents, such as smallpox and anthrax. These vaccines would be stockpiled for emergency use if they are considered safe.

But, my question is the need that we have been told exists for this to be mandatory spending and not subject to the annual appro-

priations process. The Administration requests these funds be authorized by Congress as permanent indefinite funding, not subject to the annual appropriations process. That is not going to sit very well, I will be honest with you, with this Committee. I notice on the calendar of legislation that this is a subject that is going to come before the Senate pretty soon. So I am asking, why would you want to avoid the annual appropriations process for this particular project when all the others under the jurisdiction of the Department are subject to annual appropriations by Congress?

Secretary RIDGE. Senator, I think the basic principle around the Administration's request is to create within the Executive Branch a financial capacity to respond immediately upon the certification of a bioterrorist threat by the Department of Homeland Security and Health and Human Services so that an immediate market would be available to the private sector to commit research and development dollars to develop diagnostics and vaccines in a hurry to respond to a crisis, bioterrorism crisis with which our intelligence community felt we were threatened by.

Frankly, there are four vaccine companies left in the world and if we have a crisis that would require us to go to one or all of them and say, we need a diagnostic. One of the challenges right now with the SARS virus is that there is not a good diagnostic tool out there. Now, there may be a large enough marketplace, and apparently it is since it is worldwide, that perhaps the private sector will invest its own research and development dollars and in the next several weeks come up with a diagnostic test. It is obviously going to take them a little longer to come up with a vaccine if they think that it is necessary for domestic or international consumption.

The bottom line is that having that capacity available to the President of the United States in the event of a threat of a bioterrorist incident gives us the ability to go into the private sector to assure them that a market will be there to purchase the diagnostic or vaccine.

Senator COCHRAN. Thank you very much for your explanation. We will review that very closely with you and continue to consult with you on possible disposition of that request.

I have other questions connected to that issue and I will just submit those and ask you to respond for the record.

Secretary RIDGE. Yes, sir.

Senator COCHRAN. Senator Byrd.

CONGRESSIONAL ABILITY TO REACT IN EMERGENCY SITUATIONS

Senator BYRD. Thank you, Mr. Chairman. I am very interested in the question you just asked as well as other questions.

I put a hold on this virus shield legislation before the recess. I don't mind stating when I put holds on matters. The specific issue that you have raised here, and I want to stress that I share your viewpoint and I hope that the administration will work with Congress to resolve this issue.

Mr. Secretary, I can understand the kind of emergency that you probably contemplate, but remember, and I hope the administration will remember, that within three days following September 11, Congress, both Houses, passed a $40 billion—am I not correct? I am correct, I am told—$40 billion emergency package, just like

that, the snap of my finger. Congress can act and will act when the emergency is there and when it is clear that it is an emergency that needs it.

And I want to tell you one thing. We have to guard the constitutional prerogatives, responsibilities, and authorities and powers of Congress in any emergency, and I am not in favor of this administration or any other administration seeking more of the powers over the purse than the Constitution permits.

So if there is an emergency, let us know. If it needs to be done in three days, let us know about it. Show us the justification. I am not just talking to you, and I hope you will understand that.

Secretary RIDGE. I understand, Senator.

Senator BYRD. I don't say this in that spirit. But I am saying to the administration, and it needs to be said to this administration, if it never needed to be said to an administration, and this administration will be succeeded by other administrations, and I have always found that the executive branch and the judicial branch are very zealous in protecting their prerogatives, their powers, their authorities.

The executive branch is out there at some point on the compass, at some place in the globe working every minute of every 24 hours while the Congress is sleeping or while the Congress is in recess or while the Congress is off on a break of some kind. The legislative branch is not always out there and the executive branch and the judicial branch are always ready to protect and to sound off and to stand up and to stand straight and tall when it comes to the protection of their authority. The one branch of the three that is not as zealous as it ought to be is the legislative branch.

Now, I understand that cases can be made for quick action, but the record can be cited to show that the Congress, when the need is for quick action, that Congress can act and will act, and I hope, Mr. Chairman, that you will continue to be zealous on this point and other points.

When I came to Congress, I guess 85 percent of the monies came through the appropriations process, and today, only about a third or less come through the appropriations process. Now, I stand with you and will stand as long as I am a member of this Senate and live and can speak, I will be with you on this. I will respond to any emergency as quickly as will President Clinton or President Bush or President Reagan or President Nixon or President Truman. Truman is my favorite Democrat President in my time here, and I have been here longer than anybody else, 50 years.

Did you know that out of 11,707 men and women who have served in Congress in these 215 years of our existence, out of 11,707, only two have served longer than this Senator from West Virginia. I wasn't as zealous in protecting the constitutional power of the purse when I first came here to the Senate as I am today. But I have been on this committee now, I am in my 45th year, and this administration or any other administration—I don't care if it is a Democrat. It doesn't make any difference to me if it is a Democrat down there in the White House. I feel exactly the same way.

I didn't go all the way with Mr. Clinton. When he asked me to bend to include the health reform in a reconsideration package so it would be severely limited debate time, I said, no, that is not the

purpose of the Senate. We are here to debate. The American people need to know what is in that health package and we as members need to know what is in it. And so I did not bend and I will not bend for any President, with all due respect to every President.

I am very concerned about this thing. Give them a little here and a little there and a little here, and the first thing you know, as Mr. Dirksen said about spending billions of dollars, the first thing you know, a little bit here and a little bit there and the power over the purse would be vested down there in the White House. And if you have studied the history of England like I have, you will be aware of the blood that has been shed by Englishmen to wrest the power of the purse away from tyrannical monarchs and to vest it in the House of Commons, the people's representatives.

I say all this with due respect to you, but I am with you, Mr. Chairman, on this. Any time, anywhere, any hour of the 24 hours, I will be with you.

TRACKING OF FOREIGN VISITORS

Now, on to a couple of my questions. One crucial component of ensuring our homeland security is ensuring that we as a government know which foreigners are visiting our country, why they are here, and that they depart when they are required to do so. Our existing visa tracking systems are not doing the job. One of the major criticisms of the former Immigration and Naturalization Service was and remains its inability to adequately track the entry and subsequent exit of the non-U.S. citizens who come to the United States and for whatever reason overstay their visa.

For instance, only recently, the Department of Justice's Inspector General released a report stating that there are significant deficiencies in the tracking of foreign students. The Acting Assistant Secretary of the new Bureau of Immigration and Customs Enforcement agreed with the IG's conclusion that they need more resources to properly manage one of the many tracking systems.

What steps are you taking to ensure that this system is on track and can be deployed in a timely fashion? I believe the budget before us requests only $480 million for the new entry-exit visa tracking system. This is only a $100 million increase over last year's level. Many members of Congress and outside experts are concerned about the lack of progress in implementing this system. It is my understanding that the Department has not yet determined what technology will be used in developing the system. So what steps are you taking?

U.S. VISIT SYSTEM

Secretary RIDGE. Senator, the entry-exit system that we now like to call the U.S. VISIT System was one of the highest priorities for the new Department as we took a look at the work that we had inherited from the old INS. Candidly, we made an internal assessment that there was more work that needed to be done, better work needed to be done, and expedited work had to be done in order to meet the timetable in order to get a system up and operational at the airports and seaports by the end of this year, as mandated by the Congress of the United States.

My colleague, Secretary Asa Hutchinson and I, now that we have reins and responsibility over that program, have refocused our internal work. We have combined the work that they had been doing with our science and technology unit so we could take a look at the technology applications that are out there in the world today. We know that it will be quite a challenge to get the system up and operational at airports and seaports by the end of this year, but that is what Congress mandated. We inherited it, and we are going to do everything we possibly can to get it up and operational in a way that is consistent with your intent and, frankly, consistent with the need of the country. We have a legitimate need to know who is coming in, when they are coming in. We have a legitimate need to know if they left.

I will tell you, Senator, that there are real challenges to take that same approach and apply it to our land borders, and we will have to address them both publicly and privately, I am sure. But I would be prepared to come back with a couple of my colleagues to explain to the Congress the kinds of things we are doing in order to meet the deadline by the end of the year.

Senator BYRD. But the——

Secretary RIDGE. I have not let any money out yet, Senator. We are not going to put out a request for proposal until we are satisfied internally that we have done the hard work that we needed to do and maybe should have been done before in order to get this thing prepared to let a contract in order to get it done.

Senator BYRD. You are to be applauded. You are to be applauded for that.

But let me ask this question. As I said earlier, the budget before us requests only $480 million for this new tracking system, only $100 million increase over last year's level. Do you feel that this is adequate? Do you think this is an adequate amount? Do you think the funding request is adequate?

Secretary RIDGE. Senator, I believe that it is. At least, that is the figure we requested based upon earlier calculations. We are doing our own internal calculations based on our technology team taking a look at our needs, and if it is not enough, you have given me some reprogram authority and I think your first admonition to me would be, if it is not enough and you need a few extra dollars, you ought to find it within your own operation before you come back to us. So that is exactly how we would go about trying to resolve and find any additional dollars.

So again, we can report back to you, and you will require us to report back to you and we should report back to you in the near future as to the progress we have made on this initiative.

Senator BYRD. And you would——

Secretary RIDGE. Congress started talking about this in 1996 and has put substantial money in the budget starting, I think, last year, perhaps the year before. We know we have to accelerate things in order to make it happen and we are going to do everything we can to make it happen.

ANTI-MISSILE DEFENSES

Senator BYRD. During floor debate on the Iraqi war supplemental appropriations bill, an amendment to add $30 million for the study

and deployment of anti-missile defense systems for commercial aircraft was narrowly defeated. A few days later, you publicly commented, Mr. Secretary, that deployment of this type of technology was merited and deserved to be looked into by the Department. Does the Department believe that the potential threat to commercial airliners from such an attack is sufficient threat to warrant the deployment of anti-missile defenses? If so, what funds would be used to do this and what level of funding and which agency within the Department should take the lead in the effort?

Secretary RIDGE. Senator, we have not concluded for policy purposes that commercial aviation should be equipped with military-type anti-MANPAD devices, but we have concluded that the threat is significant enough to proceed on a couple of paths. Clearly, working with other agencies in the government, and it has been working quite some time, the proliferation of these devices around the world requires the attention of State, Defense, and other agencies and they are focusing on that.

Clearly, given the fact that there have been futile uses of this equipment in other countries gives reason for us to work with local law enforcement and aviation security folks to develop protocols, security protocols with regard to the areas around the airport as well as other adjustments conceivably in flying the aircraft.

And the third piece of this is for us to take a look at the existing technology and also perhaps the development of new technology that might have an application to commercial aviation. We have reprogrammed some money from the Department of Defense, and we are going to use some of those dollars to begin that technical inquiry to look at effectiveness, efficiency, cost, and the like. So we have begun that process with some of the dollars that you have given us the opportunity to reprogram.

Senator BYRD. How much money have you used—has been reprogrammed for this purpose?

Secretary RIDGE. Basically, I think, Senator, Congress took a look at it and I think we have reprogrammed about $420 million from DOD. It goes across a wide range of issues, and I can't tell you today the specific dollars that we are going to initially invest in taking a look at MANPAD technology, but I do know that in my conversation with our leader there, that some of these dollars are going to go to an initial effort there. Depending on that research, again, it is part of our responsibility to pick and choose among priorities with the dollars you have given us that we have now and in the 2004 budget. We are asking for over $800 million in the science and technology piece, which I presume will mean that—I can only anticipate we are using some of those on this research, as well.

Senator BYRD. Mr. Chairman, I don't want to impose on your time overlay, but would I have time for one or two more questions?

Senator COCHRAN. Yes, sir, Senator, if the Secretary can oblige us. I hope he can. We are now advised that the vote that was to occur at 12 has been put off until 1:45, so that is not a problem, but he has been sitting there a pretty good while.

Senator BYRD. He is a much younger man.

Senator COCHRAN. He has cooperated very——

Senator BYRD. He is a much younger man than I am. I know he is tired.

I know you are tired.

Secretary RIDGE. Thank you, sir.

VULNERABILITY OF CHEMICAL PLANTS

Senator BYRD. But I have two more questions. One deals with chemical plants. Last month, the General Accounting Office reported that chemical plants remain vulnerable to a terrorist attack. Using data from the Environmental Protection Agency, the GAO noted that 123 chemical facilities across the country, if attacked, could inflict serious damage and expose millions of people to toxic chemicals and gasses.

Now, I remember when I was—earlier in my career, we had the largest, I suppose, about the largest chemical plants in the Kenora Valley anywhere in the Western Hemisphere. Perhaps we have lost some of them in recent years as we have lost a lot of our other industries. But the administration identified chemical plants as part of the critical infrastructure in its national strategy for the physical protection of critical infrastructure and key assets report.

In your written response to my question at our March 27 hearing, you identified as one of the several that you identified, you identified chemical facilities in close proximity to large populations as one of our most significant vulnerabilities. The CBO estimated that it will cost $80 million over 5 years to conduct the vulnerability assessments associated with our chemical plants, and yet the administration has not requested any funding, as I understand it, for this purpose.

Why have not the resources, the requested resources to enhance security at chemical plants, been requested and what plans do you have to improve security in the area, including the identification of appropriate resources to accomplish these goals?

Secretary RIDGE. Senator, I can't agree or disagree with the dollar figure associated with the cost of securing these sites, so I will pass on that estimate. I don't know enough about how they concluded that, so I will just leave it alone.

First of all, a lot of the chemical companies have begun their own internal vulnerability assessments and defray that expense as a corporate expense.

Also, I think you are aware that there is legislation pending or will be pending before the Senate of the United States so that we can address this very important issue as we go about securing those sites on a risk management basis that offer the greatest potential for catastrophic personal harm and consequences.

I will tell you that this is one of the areas, Senator, if I might link this question with a question and an inquiry that we had before about the Freedom of Information Act. We will want the chemical companies, as we will want some other companies, to look real hard at potential vulnerabilities and be honest and critical in that assessment, and we will want them to share that with us. Now, that is not information that we necessarily want to put in the public domain. We don't want to provide a road map to terrorists by revealing publicly some of the vulnerabilities we have at these sites.

So it is an interesting question because it raises who should do the vulnerability assessments, frankly, and who should pay for them. I think, clearly, I believe that the companies should pay for them. Should they share that information with us—can we find a way so that they share it so we can give them some direction to secure the venues and reduce the vulnerabilities? I want them to do that.

Do we need some legislation? I believe we will be in a position to work with this committee and other committees to see that we get that legislation during this period of Congress. But again, I would tell you, Senator, I think most of these chemical companies are traded on the public stock exchange. There are a lot of legitimate expenses they deduct before they pay taxes, and it seems to me that one of the most legitimate expenses in the post–9/11 era is the cost of enhanced security to protect your employees, to protect the community in which you have the facility and protect the interests of the people that own the plant, so I look forward to those continuing discussions, Senator.

Senator BYRD. Thank you. I have other questions which I will submit for the record. I do have one final question, Mr. Chairman, and you have been very, very liberal, as I said, with me, and I want to thank you and I want to thank the staffs on both sides. We have excellent staffs who have helped us to prepare.

FUNDING FOR IDENTIFIED HOMELAND SECURITY VULNERABILITIES

On March 27, Mr. Secretary, of this year, I asked you to provide the committee with your written assessment of the ten homeland security vulnerabilities that you are most concerned about, and I thank you for responding rapidly. It wasn't a request that was put aside and delayed and perhaps forgotten, but you responded quickly and your response was useful in making final decisions on the supplemental appropriations act that Congress approved.

In your response, you noted that the threat environment is continually changing, but that you did have the guidance, you did have guidance that helped you to focus your priorities. This response, which is not classified, focused on potential attacks on chemical facilities, nuclear power plants, large dams, liquid natural gas storage facilities, electric and telecommunications systems, data storage systems, transportation systems such as rail and air transportation systems, water supplies that are vulnerable to contamination, food processing centers, and petroleum handling facilities such as pipelines, and ports. Excellent, excellent response.

The President has signed authorization bills to expand Federal investments in many of these areas, such as port security and drinking water security, but the President has not requested funding for these new authorizations. In fact, if your vulnerability guidelines to the President's budget are compared, if you compare your vulnerability guidelines to the President's budget, there does not appear to be much, if any, correlation. Now, can you tell this subcommittee where in the budget are the resources to cope with each of these vulnerabilities?

Secretary RIDGE. Senator, the first resource is, I think, the most important first step that we take in this country, is looking at those sectors of our economy that we itemize and refer to in our

letter to you, and then take a look at the vulnerabilities in that sector, take a look at the threat as it relates to that sector, then make some conclusions as to how much it would cost to protect whatever vulnerabilities we find, and then the next question is, who is to defray the cost?

The President has requested a rather substantial sum of money for us in the fiscal year 2004 budget to conduct those vulnerability assessments, and again, some of it are dollars that very appropriately will be expended by us to do those assessments on our own. But part of the function of the new Department, and the Congress provided a private sector advocate and the private sector intersects with the Department in so many different places, in the Science and Technology Directorate, in the Information Analysis and Infrastructure Protection Directorate, and one of the challenges we have, and we welcome the task, is to engage the private sector, those that haven't begun their own vulnerability assessments, to do that and to work with us to identify on a risk management basis what should be hardened, and our job, frankly, is to convince them it is in their interest to harden it.

Senator BYRD. But, Mr. Secretary, you haven't really answered my question. I have listened very carefully. Let me say this again. The President has signed authorization bills to expand Federal investments, so the decision has been made with respect to who is going to do some of this, these investments. The President has signed authorization bills to expand Federal investments in many of these areas, such as port security and drinking water security. But the President, the Chief Executive, has not requested funding for these new authorizations.

Now, what I am saying is, if you compare your vulnerability guidelines, which were very, very good, as you compare them to the President's budget, there doesn't appear, at least to this Senator and to this Senator's staff, there doesn't appear to be any correlation.

So my question was, and maybe you can't answer it, can you tell me where in the budget are the resources to cope with each of those vulnerabilities that you have set forth in response to my request earlier this year. You may want to——

Secretary RIDGE. Senator, I would be happy to go back over it. You ask a very appropriate question. I think there are dollars dealing with some of the transportation infrastructure. I think there are dollars dealing with food safety. I don't think they come up by any stretch of the imagination to the level that Congress authorized, and I would say to the Senator, I think when it comes to the identification of risks, I think we may have agreement, general agreement, but I also think when it comes to appropriating the money consistent with the authorizations that there is an opportunity for Congress, as well, to shift its priorities in terms of the national budget, having passed the authorization bills, to take a look at the appropriations process, match it against authorizations, and in the years ahead, work with us to meet some of those priorities that we have identified and you have identified in the authorization process and come up with additional dollars in the appropriations process.

Senator BYRD. Well, may I just comment——

Secretary RIDGE. Yes, sir.

Senator BYRD [continuing]. And this is all I have. We have done that repeatedly. Congress has done that repeatedly and appropriated monies and the President has turned the back of his hand, as he did on the $2.5 billion that was designated as emergency. So Congress has been out front. We have appropriated monies time and time and time again, only to see this administration turn its back on the appropriations.

And so the rhetoric, the rhetoric has not matched, has not matched reality. So I say to you, yes, we want to work with you and we want to appropriate the monies, but I hope that this administration will take a look at its responsibilities and particularly its rhetoric in so many instances and not veto, or in effect veto, the funding that the Congress has appropriated.

I thank you for your work——

Secretary RIDGE. Thank you, Senator.

Senator BYRD [continuing]. For your listening to our complaints, and hopefully, we can work together in ensuring the increased safety of our country in these matters.

Secretary RIDGE. Thank you, Senator. Yes, sir.

ADDITIONAL COMMITTEE QUESTIONS

Senator COCHRAN. Mr. Secretary, we appreciate your cooperation with our committee and we appreciate your service to the country. Senators may submit written questions, and we would request you respond to them within a reasonable time.

[The following questions were not asked at the hearing, but were submitted to the Department for response subsequent to the hearing:]

QUESTIONS SUBMITTED BY SENATOR THAD COCHRAN

PRESERVING AGENCY MISSION FOCUS

Question. The Homeland Security Act of 2002 requires the Department of Homeland Security (DHS) to ensure that agency functions not directly related to homeland security are not diminished or neglected. However, there is concern that non-homeland security missions over time may not receive adequate funding, attention, visibility, and support within a department under tremendous pressure to succeed in its primary security mission. How will DHS ensure that proper attention is given to non-homeland security missions, such as providing assistance to victims of natural disasters?

Answer. We recognize that many elements of the Department such as FEMA, the Secret Service and the Coast Guard have critical missions in addition to their specific homeland security responsibilities. As such, I meet frequently with all of my leaders to ensure that we are carrying out all of our missions.

We understand that our responsibility to the Congress and the taxpayer includes ensuring that both our homeland security and non-homeland security missions are adequately resourced and carried out. Our fiscal year 2004 budget acknowledges our non-homeland security missions and requests that the Congress provide resources to ensure that those missions are fully discharged. Our Congressional justifications elaborate on these missions and responsibilities.

The Department is currently setting up formal mechanisms and measures to monitor the performance of all of its activities, including non-homeland security activities. As required by the Government Performance and Results Act, the Department will publish performance measures for its activities in its first annual Performance Report in February 2004 and as part of its fiscal year 2005 Annual Performance Plan. The Department will use the results of the performance measures to help determine resource requirements.

RISK MANAGEMENT

Question. The Homeland Security Act of 2002 calls for DHS to carry out comprehensive assessments of vulnerabilities of the key resources and critical infrastructure of the United States, including risk assessments to determine the risks posed by particular types of terrorist attacks. Using this information, DHS is to identify priorities for action by DHS, other Federal agencies, State and local governments and the private sector. What is the timetable for the comprehensive assessments and the subsequent setting of action priorities and milestones to protect key resources and critical infrastructure? What have DHS identified as the areas with the highest risks and how are these areas being specifically addressed?

Answer. The Department's Information Analysis and Infrastructure Protection Directorate (IAIP) is addressing this issue on several tracks. The IAIP is implementing a plan to conduct standardized vulnerability assessments for all critical infrastructure sectors. This group of assets was identified during our work on Operation Liberty Shield. This project, named Project 180, will enhance security at key sites through strategic enhancements and eliminate the need to place National Guard and State police at times of heightened threats. On a more comprehensive level, the IAIP also has implemented a plan to conduct standardized vulnerability assessments for all critical infrastructure sectors. Vulnerability assessments will span all critical infrastructure sector and be conducted in concert with other Federal agencies, States, and industry in order to ensure that interdependencies are understood and protective measures are prioritized for implementation. The IAIP will also, on an as needed basis, issue specific warnings and guidance for infrastructure stakeholders necessitated by specific threats or conditions.

Question. DHS is responsible for the Homeland Security Advisory System. DHS, in coordination with other Federal agencies, is to provide specific warning information, and advice about appropriate protective measures and countermeasures, to State and local government agencies and authorities, the private sector, and others. Concerns have been raised about warning capabilities, particularly the lack of specificity and guidance to officials below the national level under the current Homeland Security Threat Advisory System. Are changes being considered to the Homeland Security Threat Advisory System to give more specific guidance regarding national and specific threats? If so, when will the new system be in full operation?

Answer. Changes to the Homeland Security Advisory System are not being considered at the present time. To the fullest extent possible, specificity of threat information is conveyed in Information Analysis and Infrastructure Protection Directorate warning products, while ensuring classified sources and methods are protected. We intend, whenever possible, to tailor specific protective measures commensurate with the level and type of threat identified and collaborated by a host of intelligence sources, including the Department of Justice and the Federal Bureau of Investigation as well as non-governmental independent studies. The Department is always seeking to improve the precision and accuracy of threat warning. For example, we developed a set of more specific protective measures the first time we elevated the threat level to Orange this year. Subsequently, we developed state specific criteria and further fine-tuned recommended protective measures. Distribution was done through law enforcement channels via the FBI, Secret Service, as well as direct contact through the Office of State and Local Government Coordination to the State Homeland Security Advisors for further transmission within their States. The Department always communicates any specific, credible threat information directly to officials in affected jurisdiction.

DEPARTMENT START-UP ISSUES/INVESTMENT DECISIONS

Question. Mr. Secretary, you face the enormous challenge of integrating the 22 organizations transferred to the new Department into a single, unified whole. How are you mitigating the impacts of this transition on the capabilities of each of the transferring agencies to continue to perform their missions?

Answer. While the challenge of integrating the 22 organizations into the Department of Homeland Security is enormous, the day-to-day work of the vast majority of employees is unchanged—they continue to perform outstanding service in the protection of our homeland. I have worked with the senior leadership of the Department and the heads of those component agencies to mitigate the impacts of this transition by ensuring that we have open lines of communication not only here in Washington but also across the county. The challenge requires us to take several approaches including regular leadership meetings both with myself and the Deputy Secretary, and with the Under Secretary for Border and Transportation Security, establishing clear lines of authority as we have reorganized both the Bureau of Customs and Border Protection and the Bureau of Immigration and Customs Enforce-

ment, and communications with managers and front line employees through town hall meetings and weekly employee newsletters.

Question. What specific steps are you taking to integrate the chains of command and the personnel of these organizations without interfering with their current capabilities to perform their missions?

Answer. As we move to unite the component agencies, we are consciously working to ensure that we remove institutional barriers to integration. The appointment of Interim Port Directors and interim Directors of Field Operations with the creation of the Bureau of Customs and Border Protection is just one example of how we are addressing these issues. These interim leaders were appointed because there must be "unity of command" and clear reporting channels which ensures that front line officers and supervisors know where to report, how to report, and with whom they will be coordinating their efforts.

Question. What steps are you taking to meld the different cultures of these organizations in a way that preserves any unique, positive aspects while creating an overall "Department of Homeland Security" culture?

Answer. We have developed a seal and a strategy for ensuring DHS identity to help the different cultures coming into the Department identify with DHS. We are working to integrate the legacy identities into the DHS identity.

Question. Secretary Ridge, last July 16, you and OMB Director Daniels sent a memo to selected departments and agencies on "DHS Transition Issues." This memo described how you would identify "day one" issues requiring resolution at the moment DHS is created and how short and longer term transition plans would be developed. What major "day one" issues were identified, and how specifically are you resolving them?

Answer. We have already accomplished many of our initial goals for the Department. From an operational capability perspective, we stood up the Homeland Security Command Center on a 24–7 basis and implemented Operation Liberty Shield, the first comprehensive, national plan to increase protections of America's citizens and infrastructure. We successfully launched the Ready campaign to build a citizen preparedness movement by giving Americans the basic tools they need to better prepare themselves and their families. The Department has focused on getting the resources our State and local partners need to them in an expedited manner, distributing millions of dollars in grant monies already. From a management perspective, we initiated a comprehensive reorganization of the border agencies as well as commenced work on a single human resources management system.

Question. Which of these issues do you consider resolved, which will require additional efforts, and what are those additional actions that need to be taken?

Answer. Management tasks are extremely important to the efficient operation of the Department. To that end we are presently engaged in efforts to ensure that infrastructure and support functions are provided in the most cost effective and efficient manner, establishing lead and support elements for the Department's various functions, ensuring efficient communication with our partners in the States, localities, and private sector, and coordinating effectively with other Federal entities. For example, we are standing up an investment review board, implementing a multi-year program and budget planning/development process, launching a program management office to develop an integrated business/financial management system, developing the Department's IT enterprise architecture, establishing a strategy development process, and developing a comprehensive human resources system.

Question. Secretary Ridge, you issued a Transition Memo with OMB Director Daniels on July 16 which stated the importance of identifying any pending actions or policy decisions within the existing agencies that might be decided differently in the context of the expected new Department. Agency heads were asked to identify major subject areas and pending actions that qualified for discussions within this context. What major investment and policy decisions were identified, which were put on hold, and why do they qualify for rethinking in view of the creation of DHS?

Answer. Since the Department was created, several processes have been established to promote efficiency and effectiveness and to avoid duplication. For example, the Department established a comprehensive Investment Review Process to integrate capital planning and investment control, budgeting, acquisition, and management of investments (both information technology and non-information technology) to ensure public resources are wisely invested. Investments that meet a pre-determined dollar threshold or may have significant policy implications are subject to review to ensure that spending on investments directly supports the Department's mission and provides optimal benefits and capabilities to stakeholders and customers. The Department has also established a process to develop strong business cases for its information technology investments and is using the business cases to determine which projects are funded. In addition, the Department has also estab-

lished a 5-year budget planning process that includes program reviews to make funding decisions.

The establishment of the Department has also resulted in the consolidation of several functions including responsibility for coordinating research and development under the Office of Science and Technology and performing intelligence capabilities under the Office of Information Analysis and Infrastructure Protection. The formation of each of these organizations has resulted in a rigorous review of these functions to ensure integration across the Department and avoid duplication.

Question. What are the emerging outcomes of these reviews, and when can you inform the Subcommittee about specific decisions on each of these matters?

Answer. The Department recently initiated its investment review, budget development and business case development processes. Results should be available within the next several months. The Department has briefed Appropriations Committee staff on its progress in implementing functions performed by Science and Technology and Information Analysis and Infrastructure Protection and will apprise the Committee of our further progress on a continuing basis.

Question. The fiscal year 2004 DHS budget request only assumes $30 million in savings from consolidating administrative and management systems. Does achieving this much smaller amount of savings mean that last July's estimates of $65 million to $200 million were overly optimistic? Can you give us updated and detailed estimates of such savings?

Answer. $30 million is the estimate of achievable savings in fiscal year 2004. The Department intends to pursue further savings in the future.

Question. You have predicted that, after the first year, there may be some worker dislocations and a good possibility of job losses as you try to reduce overlaps among the entities transferring to DHS. When will you have a number estimate of what those dislocations and job losses will be and when will you inform the workers affected and the Congress?

Answer. As we proceed with plans to merge the component organizations and to consolidate administrative and management systems, we will be able to identify areas of overlap and duplication of effort. DHS plans to minimize outright job losses, and will communicate with employees, their representatives, and the Congress as it develops its plans for staff restructuring and realignment.

Question. What specific criteria are you establishing to determine who will be dislocated and who will lose their jobs, and will you provide affected employees a fair process in which they can appeal these decisions and the application of these criteria?

Answer. It is too early to identify the specific criteria for any possible dislocation. The Department is committed to applying fair criteria to any decision process. It should be noted that the application of reduction in force rules under title five remains a requirement in the Department.

Question. During and after consideration of the Homeland Security Act, you made an impassioned case that the DHS personnel system should be more "flexible" than the current Civil Service system. You received such flexibility in the Homeland Security Act, at least for after the year-long transition period. At this point, what changes do you envision for your civilian employees in terms of performance evaluations, compensation, and collective bargaining arrangements?

Answer. We have established a Human Resource Management System Design Team to develop options for the changes we are encouraged to make in creating a new personnel system for DHS. That Design Team has just begun its research work. The schedule for presentation of options is later this fall.

INFORMATION TECHNOLOGY

Question. According to the Department of Homeland Security's organizational chart, the Chief Information Officer (CIO) reports to the Secretary via the Under Secretary for Management. In this organizational position, will the CIO have the responsibility and accountability to effectively work across the Department to deliver and maintain the information technology necessary to meet the Department's mission?

Answer. The CIO will lead the IT Capital Investment process which will have the strength it needs to ensure coordinated planning, and execution of integrated technology efforts throughout the department. These are critical to the Department, endorsed by the leadership from the Secretary through all of the Under Secretaries and other senior leadership. Given the commitment of this senior leadership team, the CIO will have the clout that he needs to integrate and optimize Information Technology throughout this department.

Question. One of the key challenges facing the Department of Homeland Security is how to manage and merge, where appropriate, the existing information technology (IT) resources of the 22 different component agencies that were subsumed in the department. What is the Department's approach for managing this?

Answer. We are developing an Enterprise Architecture, which will both identify the opportunities for consolidation and integration across the IT portfolio of systems and assets, and well as guide the approach we will then execute. Please see Question 19 for further details.

Question. Do you envision any opportunities for efficiencies via consolidation and if so, would there be any monetary savings associated with such consolidation?

Answer. We do expect to find opportunities for integration and consolidation across our IT infrastructure and enterprise solutions. We have initiated IT integration teams, working in concert with their business counterparts (subject matter and program personnel), in the areas of targeting systems, identity credentialing systems, and alerts and warning systems, business management systems, back office systems (human capital and resources, financial management, acquisition and procurement), and in IT infrastructure. We do anticipate monetary savings from this work, to be realized over the next two fiscal years. We have set a working target of $280 million.

Question. Over the next year, what are the Department's critical IT priorities and what are the milestones for accomplishing them? What are they over the next 5 years?

Answer.

NEAR TERM INFORMATION TECHNOLOGY PRIORITIES & MILESTONES (FISCAL YEAR 2003)

Infrastructure

—Installing new wide-area network circuits; provides increased bandwidth, and more stable backbone—June 2003.
—Deploying satellite capability at NAC; provides KU Band and HF—July 2003.
—Consolidation of help desk support across DHS; analysis and recommendations—July 2003.
—Consolidation of data centers across DHS; analysis and recommendations—June 2003.
—IT Disaster Recovery Plan; recommendations—August 2003.

Enterprise License Agreements

Develop plan for consolidating enterprise licenses—May 2003.

Information Security Program

IT Security

—Develop and implement department-wide IT security program—July 2003.
—Submit annual Federal Information Security Management Report to OMB—September 2003.
—Submit program and system-level plans of action and milestones to OMB—October 2003.
—Draft consolidated department-wide IT Security Program budget submission (Exhibit 300) for fiscal year 2005—June 2003.
—DHS-wide IT Security Conference in Baltimore, MD—July 2003.
—FISMA report due to OMB—Sept 2003.
—IT Security Training and Awareness Program strategy and plan-of-action completed—Sept 2003.
—Implement department-wide IT Security Training and Awareness Program—Oct 2003.
—Enterprise IT security architecture (coupled to overall architecture efforts)—Oct 2003.
—Refined Governance process—Jan 2004.
—Improved Incident Handling capability—Mar 2004.

Enterprise Solutions

Capital Planning and Investment Control

—Develop and implement department-wide information technology capital planning and investment control process—April 2003.
—Develop DHS-wide e-government strategy with goals, objectives and milestones for each project—May 2003.
—Develop proposals to integrate existing systems IT infrastructure and back-office systems and eliminate redundant investments and obsolete systems—September 2003.

—Submit with the DHS fiscal year 2005 budget the Exhibit 53, Form 300s for major IT projects (annual cost of $5 million or more and lifecycle cost of $25 million or more)—September 2003.

Enterprise Architecture

—Develop a detailed roadmap (migration strategy) for instituting a DHS enterprise architecture that builds upon the proposal to integrate existing systems.—October 2003.
  —Provide to OMB the "as is" architecture, including DHS directorates, identifying at least business application and technology layers (should reflect DHS' inventory review work underway)—June 15th.
  —Submit the modernization blueprint or "to be" architecture, identifying how they map to the Federal EA and business layer—August 15th.
—Develop DHS wireless architecture and implementation plan—July 2004.

Government Paperwork Elimination Act (GPEA)

—Provide update on meeting GPEA requirements—July 03 and October 2003.

E-government Initiatives

—Serve as managing partner of Disaster Management and Project Safecom and provide update—August 2003.
—Participate in Geospatial Information One-Stop, Vital, e-grants, e-training, smartbuy, business compliance one-stop, and e-grants—fiscal year 2003 and 2004.

LONGER TERM INFORMATION TECHNOLOGY PRIORITIES & MILESTONES (FISCAL YEAR 2004–2005)

Infrastructure

—Move to a consolidated DHS network (unclassified)—March 2005
—Move to a consolidated email environment—December 2004

Enterprise Solutions

—Move to consolidated Financial Management environment—TBD fiscal year 2005
—Move to consolidated web self service for HR—December 2005

Additional priorities and milestones are still being determined as part of our enterprise architecture effort and as business unit strategies and priorities emerge.

Question. Reviews of the practices of leading information technology organizations in the private and public sectors show that implementing adequate investment and risk management controls and capabilities is essential to effectively managing information technology (IT).

The Clinger-Cohen Act and OMB guidance direct Federal departments and agencies to develop and implement enterprise architectures (EA) to guide and constrain their information technology investments. What steps has the Department of Homeland Security (DHS) taken to develop an EA? What is the schedule for completing it?

Answer. The Office of the CIO has been working on the development of the department's EA since "day one." An integrated project team has been established, with an experienced government project manager versed in enterprise architecture management and development. This team has already reviewed existing work in each of the incoming agencies, and has been mapping current business processes and inventorying IT assets. This work will guide the identification of priority opportunities for consolidation by highlighting potential and real overlap or redundancy.

We have also initiated a unique partnership in the development of our EA. We have established a working group, through the National Association of State CIOs (NASCIO), that represents State and local interests and requirements. We have held two working sessions with the NASCIO group, and more are planned to help us refine and improve our EA. This effort has also served to enhance the partnership among Federal, State, and local government.

Once the current state process mapping and inventory are accomplished (end of June 2003), we will then continue the mapping of desired state processes. This desired state will serve to identify the business goals and objectives, with a focus on the next 1–3 years, set forth by the Secretary and Under Secretaries of each directorate. The gap that exists between where we are (current state) and where we want to be (desired state) allows us to then develop our Migration Strategy (Roadmap). We expect to have the first version of our Roadmap by the end of this fiscal year.

Enterprise Architecture Components—Target Dates

—Business Strategy (Department level)—June 2003
—Business Processes current state (Directorate level)—June 2003
—Business Processes desired state (Directorate level)—August 2003
—Information Requirements current state (Directorate level)—July 2003
—Information Requirements desired state (Directorate level)—August 2003
—IT Migration Strategy and Roadmap (the plan to move us from current state to desired state)—September 2003
—Investment Process for IT (Department level)—March 2003 (Completed)
—Portfolio Management Process—July 2003
—Inventory of IT Assets (Current Applications)—June 2003
—Inventory of IT Assets (Infrastructure)—May 2003

Question. What DHS official is responsible and accountable for delivering the EA?

Answer. The Chief Information Officer.

Question. What are the major information technology and systems needs of the Department of Homeland Security?

Answer. We have identified the following major needs and objectives:

—Program reviews of the major initiatives to ensure alignment with business strategy and objectives—Ongoing through the end of the fiscal year
—Refinement of Business Strategies from each Directorate—Ongoing
—IT skills inventory—Due to begin in June with completion by August 2003
—Staffing of IT leadership positions—Ongoing
—Establishment of department level IT compliance and reporting processes—Ongoing with completion by end of fiscal year
—Development of Department EA and Roadmap—Ongoing with completion of first roadmap by end of September 2003
—Development of Joint and Consolidated Exhibit 300s for fiscal year 2005 budget cycle—Ongoing with completion as part of OMB budget cycle
—Completion of President's Management Agenda goals and objectives related to eGovernment for fiscal year 2003—Ongoing

Question. What office within the Department of Homeland Security (DHS) will be responsible for managing the Department's information technology (IT) human capital, including assessing whether DHS has the right mix of IT knowledge and skills to achieve its mission?

Answer. The Office of the Chief Human Capital Officer and the Office of the Chief Information Officer share this responsibility for managing IT human capital.

CHANGING AGENCY REGIONAL HEADQUARTERS

Question. Secretary Ridge, you have stated that you are "making good progress" on a plan to redraw the differing regional structures and boundaries DHS inherited from the transferring agencies, but that the plan still is under development. What specific objectives have you established for creating a new regional structure, and what specific issues are being considered in developing this plan?

Answer. The overarching objective is to fulfill the DHS mission in support of the National Strategy for Homeland Security to provide for unity of purpose among agencies. True integration of mission and department-wide effectiveness would be jeopardized with significantly different regional structures among DHS agencies

Question. What is the likelihood that the plan will contain major changes to the current regional structures and boundaries of agencies transferred to the Department, and which agencies do you expect to be most affected by the regional restructuring plan?

Answer. We are in the data gathering and baseline analysis process, and the regional structure has not been developed. Impacts to various Departmental components cannot be estimated at this time.

Question. Which is a more important objective for the plan—to save money or to increase operational effectiveness? How do you intend to make trade-offs between operational effectiveness and cost savings?

Answer. Increased operational effectiveness is not incompatible with cost effectiveness. It will be important for the Department to develop a regional concept that optimizes key factors including cost while maintaining the highest level of operational effectiveness.

Question. What specific criteria are you using to evaluate the pros and cons of the changes being considered, and which of these criteria do you consider most important and less important?

Answer. DHS is evaluating the best way in which to merge the field operations of twenty-two legacy agencies, represented by nine different regional alignments. To accomplish this, all DHS components are working to: (1) develop a baseline under-

standing of the current regional structures in the component organizations; (2) develop the options for a regional concept to ensure day-to-day operations and incident responses are well coordinated and planned.

Question. Do you have any preliminary estimates of the costs to implement the changes you are contemplating, and of the savings that might be made? When can we expect the costs to occur and the savings to be realized?

Answer. Increased operational effectiveness is not incompatible with cost effectiveness. It will be important for the Department to develop a regional concept that optimizes key factors including cost while maintaining the highest level of operational effectiveness.

Question. What specific progress are you making in developing the plan, and what schedule has been established to complete the restructuring plan and to inform Congress and the affected employees about your recommended course of action? Are you ahead, behind, or on that schedule?

Answer. All DHS components are working together to analyze various data and develop a baseline understanding of the relevant issues associated with the creation of a new Department-wide regional structure. An initial round of data collection has been completed and passed to DHS staff for analysis

Question. How long would you expect it to take to fully implement the plan should Congress approve it?

Answer. An implementation plan and schedule will follow completion of our baseline analysis, which is still underway.

Question. Please provide for the record the statement of objectives, terms of reference, fiscal guidance, operational assumptions, and mandated schedule that have been issued to guide the development of this plan.

Answer. These elements could be developed as part of an implementation plan, which would follow completion of the baseline analysis. To reiterate the overall concept objectives are presented and discussed in Q–32, the overarching objective is to fulfill the DHS mission in support of the National Strategy for Homeland Security to provide for unity of purpose among all DHS component organizations

DHS HEADQUARTERS

Question. How much has the cancellation of the first process to find a headquarters facility delayed DHS's schedule to move into such a longer-term location?

Answer. During the initial search for a headquarters building a number of critically important factors were identified. Security of the facility, the infrastructure existing to support DHS operations, adequate size, availability of fixtures and fittings, and the distance to Washington, DC sites at which the Department conducts business were all important to this process along with the availability of such a location within a very short time frame. After surveying the market, it was determined that the available properties did not present an acceptable alternative when all was considered. Since that time DHS has been able to temporarily occupy existing government facilities at very reasonable rent rates that satisfy the need for placing people. By August 2003 DHS should have control of space that provides for seating approximately 1000 of DHS's projected permanent, detail, and contractor staff. The interim time has provided opportunities for reviews of various alternatives for housing DHS and to further develop and refine requirements needed for the headquarters building over the longer term.

Question. Why has DHS included $30 million in its budget request for design and site acquisition for a new headquarters, as opposed to requesting funds for this project through the GSA Federal Buildings Fund?

Answer. The budget request included language that joined DHS and GSA together in working through the design and site acquisition process. We believe that this partnership will work well in satisfying DHS needs while ensuring that GSA's proven acquisition expertise is utilized.

Question. How much of the $30 million requested is for design costs and how much is for site acquisition? What is the basis of these estimates?

Answer. Site acquisition costs are largely dependent upon the geographic area in which the site is located. Downtown urban sites have typically higher costs than suburban sites. Design costs run in the range of about 10 percent of the expected building construction costs. Construction of a building in the 400,000 square foot range could be expected to be $140 to $180 million therefore design would be $14 to $18 million. The $30 million could provide for site acquisition and an initial conceptual portion of the design. Since DHS is still in the process of surveying acceptable sites for a permanent headquarters, estimates for design and acquisition costs would be speculative.

Question. What is the cost estimate DHS is now using as a planning factor for land and construction of a longer-term headquarters?

Answer. DHS is still identifying its needs and requirements for a permanent headquarters. Once more specific requirements have been defined, comprehensive estimates for land acquisition and construction costs will be developed.

DEPARTMENTAL OPERATIONS

Question. The fiscal year 2004 President's budget requests $294 million for "Departmental Operations", including $30 million for design and acquisition of a new headquarters. Would you please provide a detailed breakdown and justification of the request, including the amount of funding, full-time equivalent positions, and object class breakdown for each of the specific activities funded by this request, including, but not limited to: the Office of the Secretary and Executive Management; the Office of the Under Secretary for Management, the Office of the Chief Information Officer, the Office of the Chief Financial Officer, the Departmental Operations Center, and the Office of the General Counsel.

Question. Please provide the fiscal year 2004 funding and full-time equivalent positions requested for the Office of the Under Secretary for Border and Transportation Security; the Office of the Under Secretary for Science and Technology; the office of the Under Secretary for Information Analysis and Infrastructure Protection; the Office of the Under Secretary for Emergency Preparedness and Response; the Office of State, Local, and Private Sector Coordination; all public affairs activities of the Department; and all Congressional affairs activities of the Department. Also, identify each account where the funding for each of these offices and activities is requested in the President's fiscal year 2004 budget, and provide an object classification table for each.

Answer. See Attachment 1.

DEPARTMENT OF HOMELAND SECURITY—DEPARTMENTAL OPERATIONS—FISCAL YEAR 2004 REQUEST

Organization	FTE	Travel Total Budget	Supplies Total Budget	Salaries & Benefits Total Budget	Training Budget	Other Expenses Total Budget	Total
Immediate Office of the Secretary	12	$555,000	$60,000	$1,560,000	$9,000	$156,000	$2,340,000
Immediate Office of the Dep. Secretary	6	$240,000	$30,000	$780,000	$4,500	$153,000	$1,207,500
Security	20	$90,000	$60,000	$2,600,000	$15,000	$17,260,000	$20,025,000
Chief of Staff	31	$310,000	$155,000	$4,030,000	$23,250	$765,500	$5,283,750
Executive Secretary	34	$340,000	$170,000	$4,250,000	$25,500	$1,317,000	$6,102,500
Special Asst to the Secretary/Private Sector	30	$600,000	$90,000	$3,900,000	$22,500	$165,000	$4,777,500
NCR Coordinator	3	$30,000	$9,000	$390,000	$2,250	$151,500	$582,750
State & Local Affairs	23	$460,000	$69,000	$2,990,000	$17,250	$161,500	$3,697,750
International Affairs	8	$160,000	$24,000	$1,040,000	$6,000	$154,000	$1,384,000
Public Affairs	43	$860,000	$129,000	$5,590,000	$32,250	$3,021,500	$9,632,750
Legislative Affairs	49	$735,000	$147,000	$6,370,000	$36,750	$174,500	$7,463,250
General Counsel	66	$330,000	$198,000	$9,240,000	$49,500	$933,000	$10,750,500
Civil Rights & Liberties	20	$200,000	$60,000	$2,600,000	$15,000	$12,010,000	$14,885,000
Immigration Ombudsman	8	$80,000	$24,000	$1,040,000	$6,000	$154,000	$1,304,000
HS Advisory Committee	4	$80,000	$12,000	$520,000	$3,000	$152,000	$767,000
Privacy	4	$80,000	$12,000	$520,000	$3,000	$152,000	$767,000
Under Secretary for Management	6	$57,000	$18,000	$780,000	$4,500	$611,300	$1,470,800
Strategic Initiatives	5	$22,500	$15,000	$650,000	$3,750	$1,152,500	$1,843,750
Chief Financial Officer	60	$270,000	$180,000	$7,500,000	$45,000	$4,180,000	$12,175,000
Procurement	41	$184,500	$123,000	$5,125,000	$30,750	$1,670,500	$7,133,750
Human Resources	49	$220,500	$147,000	$6,125,000	$236,750	$1,094,500	$7,823,750
Chief Information Officer	63	$283,500	$189,000	$8,190,000	$47,250	$73,457,500	$82,167,250
Administration	37	$166,500	$111,000	$4,625,000	$27,750	$53,878,500	$58,808,750
Border & Transportation Security	67	$837,500	$201,000	$8,710,000	$50,250	$333,500	$10,132,250
Info. Analysis & Infrastructure Protection	37	$462,500	$111,000	$4,810,000	$27,750	$318,500	$5,729,750
Command Center	8	$35,200	$24,000	$1,040,000	$6,000	$4,354,000	$5,459,200
Emergency Preparedness and Response	26	$325,000	$78,000	$3,380,000	$19,500	$313,000	$4,115,500
Science and Technology	40	$500,000	$120,000	$5,200,000	$30,000	$320,000	$6,170,000
Total	800	$8,514,700	$2,566,000	$103,555,000	$800,000	$178,564,300	$294,000,000

INTELLIGENCE ISSUES

Question. Congress contemplated that DHS would have a leading role in analyzing terrorist threat intelligence data and distributing that information to Federal, State, and local government agencies. The proposed Terrorist Threat Integration Center (TTIC) seems to be chartered with the same responsibilities. Will the creation of TTIC in any way diminish DHS's role in analyzing and disseminating terrorism-related intelligence information?

Answer. No. Within the DHS, the Information Analysis and Infrastructure Protection Directorate (IAIP) has robust, comprehensive and independent access, mandated by the President and in the law, to terrorist-threat information relevant to homeland security. It has the mission to obtain information and intelligence, including through other DHS components, analyze that data, and take action to protect the homeland against terrorist attacks. The IAIP's Information Analysis (IA) division will conduct its own, independent threat and other analysis, and leverage the resources of other entities, such as the FBI, CIA, and TTIC. IA analysts assigned to TTIC will ensure that information gathered by the TTIC will be known to and accessible by IAIP. Conversely, data gathered by DHS (from its own collectors as well as State and local government and the private sector) reaches TTIC and informs its work.

Question. Does DHS still intend to conduct its own intelligence analysis, and, if so, how will its analytical work differ from TTIC's and how will it avoid duplicating the work done by TTIC, the CIA, and the FBI?

Answer. IAIP's analytic mission is focused on threats to the homeland, whereas the TTIC will integrate and analyze terrorism-related information collected domestically and abroad to form the most comprehensive threat picture. Unlike other intelligence, law enforcement, and military entities (such as the CIA, FBI, TTIC and DOD), the DHS' mission is focused on the protection of the American homeland against terrorist attack. In addition to assessing terrorism threats IAIP will map these threats to vulnerabilities. IA will leverage and not duplicate TTIC by ensuring that TTIC's work directly supports IA's focus on the homeland.

Question. A White House Fact Sheet states that TTIC will "play a lead role in maintaining an up-to-date database of known and suspected terrorists." Does DHS still intend to maintain its own terrorist database, and, if so, how will that database differ from the TTIC database?

Answer. DHS IAIP and other appropriate entities are in the process of discussing where such databases will reside.

Question. How can you assure us that the existence of separate TTIC and DHS intelligence analysis, terrorist databases, and information dissemination channels will not create confusion and overlap within the Federal Government?

Answer. To reduce confusion and overlap, IAIP's analysis will be tailored to support DHS headquarters and DHS operational components such as the Homeland Security Advisory System. In addition, IAIP will be responsible for disseminating information to the State/local/and private sector.

Question. It has been stated that TTIC eventually "will fully house a database of known and suspected terrorists that officials across the country will be able to access and act upon." Does this interfere with DHS's statutory role to disseminate terrorism information to State and Local officials? How will you prevent confusion among these officials about which Federal organization is the authoritative source for such information?

Answer. If information obtained by or analyzed at the TTIC represents a threat to homeland security, and needs to be passed on to State and Local officials, the IA's presence at the TTIC will ensure that the information is passed by DHS in accordance with its specific responsibility for providing federally collected and analyzed homeland security information to first responders and other State and local officials, and key private sector contacts.

Question. Will the existence of TTIC interfere in any way with DHS having unfettered access to all relevant intelligence data from raw reports to finished analytic assessments collected and conducted by other Federal agencies?

Answer. No, as discussed above.

Question. Will DHS still be able to work directly and independently with the FBI, CIA, and other members of the Federal intelligence community to obtain terrorist threat information, or will all DHS only be able to obtain such information from TTIC?

Answer. Information from the TTIC will just be one of many sources of Federal, State and local, and private and critical infrastructure sector information available to the IAIP. The DHS will continue to work directly with the intelligence community as appropriate.

U.S. VISITOR AND IMMIGRANT STATUS INDICATION TECHNOLOGY SYSTEM

Question. How is the new U.S. VISIT system different from the proposed Entry Exit system that received $380 million in funding in the fiscal year 2003 Consolidated Appropriations Resolution, and for which you have requested $480 million in fiscal year 2004?

Answer. The U.S.-VISIT Program incorporates the requirements of the entry exit system. At the air and sea ports of entry, the inspections process will be very similar as it is today. The U.S.-VISIT system will modify and integrate the existing systems such as the Interagency Border Inspection System (a biographical name lookout or watch list search), Advance Passenger Information System (electronic manifests), the Arrival and Departure Information System (which matches the electronic arrival and departure records submitted by the commercial carriers), Student and Exchange Visitor Information System (non-U.S. citizen student information) and the IDENT system.

Question. It was announced that the new U.S. VISIT system will replace the current National Security Entry Exit Registration System (NSEERS), integrate the Student and Exchange Visitor Information System (SEVIS), and fulfill congressional requirements. The original Entry Exit system that the Administration, including the Office of Homeland Security, had been working on for the last year did incorporate NSEERS as its pilot project, would be interacting with SEVIS, and would fulfill congressional mandates. What will the U.S. VISIT system be doing that is different from the original Entry Exit proposal?

Answer. As the U.S.-VISIT Program is phased-in, NSEERS will be phased-out. The U.S.-VISIT system will have the capability to use biometrics at both entry and exit. This new process will not adversely affect the current inspections process. As stated above, the U.S.-VISIT program will modify and integrate existing systems. The DHS expects to meet the first scheduled requirement at the air and sea ports of entry by December 31, 2003.

Question. What is the rational for a full integration of SEVIS with U.S. VISIT?

Answer. U.S.-VISIT is intended to manage the entry and exit of certain U.S. visitors and people. The integration with SEVIS is an important component of the U.S.-VISIT program. It is important that schools are aware of the requirement that a student register with the school within 30 days of arrival into the United States.

Question. Given that SEVIS has significant requirements outside of tracking the actual entry and exit of students, how will the needs and responsibilities of the SEVIS system be maintained within U.S. VISIT?

Answer. The full functionality of SEVIS will be retained and maintained. The integration of SEVIS into the U.S. VISIT will allow for the seamless exchange of foreign student data.

Question. The fiscal year 2003 Consolidated Appropriations Resolution requires that an expenditure plan for the initial $380 million appropriated for Entry Exit be submitted to this Committee. Additionally, specific information was requested about how the NSEERS program was developed. It has been several months—when will the plan be submitted?

Answer. We anticipate that the expenditure plan will be submitted to Congress and the GAO in June 2003.

Question. The information on the NSEERS program was due to the Appropriations Committees on March 20, 2003, from the Department of Justice. Have you been coordinating with them on this report and when do you expect it to be submitted?

Answer. BICE or BCBP is working closely with DOJ to provide the information.

Question. The Border and Transportation Security Directorate had responsibility for the Comprehensive Entry Exit project. Who will be responsible for the new U.S. VISIT project?

Answer. The Border and Transportation Security (BTS) Directorate will continue to have responsibility for and manage the U.S.-VISIT Program.

Question. What is the total amount of funding that you expect will need to be invested in this system for full deployment? Are you on schedule for full deployment of the system by 2005?

Answer. At this point in time we believe that the fiscal year 2003 and fiscal year 2004 are the appropriate amounts. The U.S.-VISIT Program has three important phases culminating respectfully at the end of the calendar year 2003, 2004, 2005. However, U.S.-VISIT will be a system that will continually evolve in order to take advantage of emerging technologies and processes in order to support the ongoing needs. The schedules for each of the phases are extremely aggressive. While we believe Phase I is achievable, there is further analysis and planning required for Phases II and III, therefore, we are in the process of developing an expenditure plan

for fiscal year 2004 and 2005. In addition, we also expect to engage private industries to assist us in meeting these aggressive schedules.

Question. It was announced that the first phase of U.S. VISIT will be operational at international air and sea ports by the end of 2003. In the absence of an approved expenditure plan, what funds are being used to continue the development of the U.S. VISIT system, such that you will be able make this deadline?

Answer. The U.S.-VISIT Program has been approved to spend $5M to prepare an expenditure plan, which consists of an acquisition strategy, risk management, workforce breakdown schedule, security plan, and privacy assessment

Question. Please provide the Committee with a project plan with detailed milestones for how you expect to achieve the end of year 2003 deadline, and an explanation of the exact functionality that will be available to each of the organizations that must enter data into or get data out of the system.

Answer. This information is included in the expenditure plan, which will be provided to Congress.

Question. Will biometrics be incorporated into the system by the end of 2003? If so, what are the specific biometrics that the system will capture? Will the biometric be captured and verified at primary or at secondary inspection?

Answer. The U.S.-VISIT system will have the capability to use biometrics at primary inspection at certain ports of entry by the end of 2003.

Question. How will the exit of visitors to the United States be recorded into the U.S. VISIT system, and will this capability be available by the end of 2003? What is the current status of the Advanced Departure Information System (ADIS)?

Answer. The exit is the most challenging piece of the U.S.-VISIT Program. We will have the capability to collect all of the biographic information (electronic arrival and departure manifests) on all passengers that travel through the air and sea ports of entry. Under the NSEERS, IDENT was deployed at exit locations to capture and verify the identity of NSEERS registrants.

The Arrival Departure Information System (ADIS) has been developed and is currently receiving the electronic arrival and departure manifests from the Visa Waiver Program (VWP) carriers. In the next few months we will complete an analysis of the matching of the arrival record with the departure record. We will compare these matching results with the Form I–94 information contained in the Non Immigrant Information System (NIIS).

Question. Will the U.S. VISIT system have the capability to report on overstays to Congress by the end of 2003?

Answer. Beginning on January 1, 2004, the U.S.-VISIT system will have some ability to report on overstays. For example, we will be able report overstay information on Visa Waiver travelers from the ADIS system.

Question. How do you plan to make the identified overstays an investigative priority within the Bureau of Immigration and Customs Enforcement?

Answer. Under NSEERS, we were able to identify registrants who overstayed their period of admission, or did not register upon exit. We will build upon the lessons learned from this pilot to identify overstays in the U.S.-VISIT program. In addition, the Bureau of Immigration and Customs Enforcement (BICE) have developed policies and procedures to identify and locate these registrant overstays. The U.S.-VISIT Program is working closely with the Bureau on this issue.

Question. It was announced that the U.S. VISIT system will allow the Department of Homeland Security to end the domestic registration that has been conducted under the National Security Entry Exit Registration System (NSEERS). Under the Department of Justice, the domestic registration of NSEERS had been scheduled to end in April of 2003, what steps have you taken that are different from that previously planned end of domestic registration?

Answer. Domestic registration for NSEERS registrants concluded on April 25, 2003. The required 30-day and annual re-registration is currently under review.

Question. By ending the NSEERS program, are you suspending the special registration that selected individuals are subject to at entry?

Answer. No, the port of entry registration will continue. There are no recommendations to expand the list of current countries, although, there will likely always be additional processing for certain aliens identified as being of special interest. To the extent required by 8 CFR 264.1(f)(2)(i), the public will be notified, by publication of a notice in the Federal Register, of expansion of the nationalities subject to special registration at ports of entry. However, per 8 CFR 264.1(f)(2)(iii), neither the Secretary of State (SOS) nor the Secretary of Homeland Security (SHS) are required to make public their criteria for registration. Therefore, either the SOS or the SHS can amend the criteria at any time without public notice.

Question. By ending NSEERS, are you suspending that portion of the program that requires registrants who remain in this country for 1 year after their initial

registration to re-register with the Department? Are you suspending that portion of the program that requires registrants who remain in the country 30 days after arrival to re-register with the Department? If yes, what is the rationale for this change?

Answer. No suspension is currently planned for the required 30-day and annual re-registration.

"PROJECT BIOSHIELD" VACCINE ACQUISITION PROGRAM

Question. DHS is seeking $890 million in mandatory spending for "Project Bioshield" to buy biowarfare vaccines and medications. The program is intended to encourage drug manufacturers to increase research and production of biowarfare defenses. Based on the development maturity and production readiness of the needed vaccines and medications in the next 18 months, can DHS effectively and efficiently spend such a large amount of funds in one fiscal year?

Answer. The Administration estimates obligating $890 million for BioShield procurements in fiscal year 2004. Based on the current state of the science, and the expectation that the proposed authority will allow DHS and HHS to actively pursue industry partners in this effort, the Administration expects to make major investments in a next-generation anthrax vaccine, and the next-generation smallpox vaccine, and smaller but still important procurements for countermeasures for botulinum toxin. Production constraints may result in the delivery of countermeasures over a multi-year period, but barring a change in the science, we expect to be able to enter contracts for the entire estimated amount.

Question. How many different vaccines and medications actually will be ready for DHS purchase in the next 18 months, and what is the cost estimate for each?

Answer. There will be continued procurement of currently produced smallpox vaccine (Acambis) and anthrax vaccine (BioPort), as well as heptavalent and pentavalent botulinum antitoxin that will be produced in the next 6 to 18 months (Cangene). In addition, two new vaccines are expected to be ready through Project BioShield within the next 18 months. These include a new generation anthrax vaccine, as well as a new smallpox vaccine. The costs of the new generation vaccines are not yet available, but a working group is meeting regularly, and determining costs is one of its top priorities.

Question. Please provide for the record a detailed statement demonstrating for each vaccine and medication its development maturity and production readiness and how that status supports obligation of specific funding amounts in fiscal year 2004.

Answer. Initiatives to support the intermediate-scale advanced development of rPA and MVA vaccines are planned for late fiscal year 2003 and early fiscal year 2004 respectively. These initiatives may include collection of preclinical and clinical data, such as: production and release of consistency lots; formulation, vialing and labeling of vaccine; development of animal models in at least two species to support the FDA animal rule; process, assay and facility validation; and clinical evaluation in initial phase II trials. For next-generation recombinant Protective Antigen (rPA) anthrax vaccine, two candidate products are in early product development. Preclinical data for this vaccine are expected to be submitted between July 2003 and September 2004, and clinical data are expected to be submitted by March 2004. The estimated date for completion of this phase of the rPA vaccine project is June 2004. For next-generation Modified Vaccinia Ankara (MVA) smallpox vaccine, two candidate products are in early product development. Preclinical data for this vaccine are expected to be submitted between July 2003 and September 2004, and clinical data are expected to be submitted by June 2004. The estimated date for completion of this phase of the MVA vaccine project is September 2004.

COAST GUARD

Question. What specific criteria would you apply if faced with a choice between carrying out a non-homeland security mission and a homeland security mission by the Coast Guard?

Answer. As a military, maritime, multi-mission organization, the Coast Guard recognizes that its Maritime Homeland Security (MHS) and Non-Maritime Homeland Security (non-MHS) missions are not mutually exclusive. Resource allocation efforts, at the strategic and tactical level, are made by Operational Commanders utilizing their values, experience, training, judgment, and a keen eye toward balancing the risks involved in the situation at hand. This is truly one of the Coast Guard strengths.

Consider the tactical resource allocation example of a Coast Guard cutter and embarked helicopter patrolling the waters off the south coast of Florida. The multi-mis-

sion capabilities of these assets and the people who crew them result in a resource mix that on any given day might:

—Respond to a call from a sinking sailboat (non-MHS mission—Search & Rescue);
—Conduct a boarding on a commercial fishing vessel (non-MHS missions—Marine Safety, Living Marine Resources, and Marine Environmental Protection);
—Interdict a "go-fast" approaching U.S. shores (MHS missions—Ports, Waterways & Coastal Security; Drug Interdiction; Migrant Interdiction);
—Escort a Naval ship during a military out load operation (MHS missions—Ports, Waterways & Coastal Security; Defense Readiness).

Should a situation unfold in which a MAYDAY call and "go fast" sighting occur simultaneously, the Coast Guard Operational Commander would utilize the assets available in crafting a response, keeping in the forefront of his or her mind the premise that human life takes precedence.

A second example, this one in the realm of strategic resource attainment, pertains to the President's fiscal year 2004 budget request. The funds requested in the fiscal year 2004 budget are critical to overall mission balancing efforts and to the sustainment of the Coast Guard's high standards of operational excellence across all missions. It is important to note that every MHS dollar directed to the Coast Guard will contribute to a careful balance between its safety and security missions, both of which must be properly resourced for effective mission accomplishment. The fiscal year 2004 budget reflects steady progress in a multi-year resource effort to meet America's future maritime safety and security needs. This new funding will positively impact performance in all assigned missions.

In performance-based organizations such as the Coast Guard, resource attainment and allocation decisions are made with the overarching mission outcome in mind. Coast Guard decision-making criteria is focused on successful mission performance, and led by our values, training, experience, judgment, sense of balance, and risk management skills.

Question. Some Coast Guard supporters claim that Deepwater's 20-year duration should be cut in half. Such an action might increase costs by about $4 billion in fiscal years 2005–2010, although it might save about $4 billion in fiscal years 2010–2020. Can the Department of Homeland Security budget afford such increases in the near term?

Answer. The Administration considers Integrated Deepwater System (IDS) funding in conjunction with all agency requests based upon national priorities. The President's fiscal year 2004 request of $500 million for the IDS funds critical initiatives is consistent with the fiscal year 2004 funding level reflected in the March 7, 2003 Report to Congress on the Feasibility of Accelerating IDS to 10 years. The IDS contracting strategy provides the Coast Guard the flexibility to adjust the proposed implementation schedule depending on budget variances.

Question. After September 11, 2001, the need for tamper-resistant identification cards became a priority for all agencies of the government issuing these types of cards. The fiscal year 2003 supplemental appropriations Act provides $10 million to the Coast Guard for updating the Merchant Mariner Documents provided to certain qualified crew members. Please tell the subcommittee how you plan to use the supplemental appropriations provided.

Answer. Fiscal year 2003 supplemental funding will be used to provide contractor support at the Regional Exam Centers (REC) to accommodate workload surges resulting from the enhanced security processes; install technological improvements such as electronic fingerprinting capabilities to reduce processing time and upgrades to the database for mariner documentation tracking and record keeping; provide more Investigating Officers in the field to adjudicate security issues discovered on mariner applicants; and, where possible, centralize those functions not requiring face-to-face contact with the applicant.

SPEND PLAN FOR $10 MILLION SUPPLEMENTAL FUNDING

Item Description	Cost	Planned Execution (Fiscal Year)
Additional personnel and equipment at the RECs	$5,000,000	2003/2004
Electronic Fingerprinting Equipment	1,000,000	2003
Additional Investigating Officers	700,000	2003/2004
Additional personnel for screening and evaluation support	1,900,000	2003/2004
Mariner credentials database upgrades	1,000,000	2003/2004
Additional program management and project support	400,000	2003
Total	10,000,000	

The upgrades for issuing credentials to mariners operating in the Marine Transportation System will ensure that credentials are never issued to those who pose a threat to national security or marine safety. This new system includes a more robust vetting process for mariners and more personal interaction between the mariner and the REC to verify the applicant's identity. In addition, a more tamper-resistant card is being issued to minimize the chance of misuse. The Coast Guard will continue to work with other agencies, especially the Transportation Security Administration, to achieve a "good government" solution that is fast, accurate, and consistent.

Question. Are all of the agencies of the Department of Homeland Security that are in the process of developing more secure identification cards for employees, such as the Coast Guard, Transportation Security Administration, Citizenship and Immigration Services, and the Bureau of Customs and Border Protection, working together in a consolidated approach to the research, development and implementation of new tamper-resistant identification cards? Wouldn't it be more cost-efficient to have a Department-wide system for tamper-resistant identification cards?

Answer. Through the Department's investment review and IT consolidation processes, a consolidated approach is being taken to different programs such as credentialing.

Question. The Coast Guard received $400 million in fiscal year 2003 supplemental funding through the Department of Defense for defense-related activities in the War on Iraq. What responsibilities, if any, does the Coast Guard have in the aftermath of the war or in rebuilding Iraq? Will available funding cover the costs associated with these Coast Guard activities? If not, do you have estimates of the additional funding needed to cover the cost of these activities?

Answer. The Coast Guard is awaiting information from the Combatant Commander on the exact needs for Coast Guard forces to assist in the rebuilding of Iraq. However, over half of the Coast Guard forces deployed have already been released by the Combatant Commanders; the CGC DALLAS, one Port Security Unit and four 110 foot patrol boats deployed to EUCOM and the CGC BOUTWELL and CGC WALNUT deployed to CENTCOM are all returning home shortly or have already arrived.

Four 110 foot patrol boats, three Port Security Units and four Law Enforcement Detachments remain in the Arabian Gulf to support CENTCOM, and no timeline has been established for their return.

The Department of Defense has been appropriated funds within the IRAQI FREEDOM Fund of the 2003 Emergency Wartime Supplemental Appropriations Act of which "up to" $400 million may be transferred to the Coast Guard to cover the costs for supporting Operation IRAQI FREEDOM. The Coast Guard is still working with the Department of Defense to transfer those funds, but the Coast Guard expects to receive sufficient funds to cover the reconstitution of all its deployed forces. Depending on the length of the post-war deployment, the Coast Guard will coordinate with the Department of Homeland Security and the Department of Defense to identify the proper resources to support and reconstitute the important multi-mission Coast Guard assets that remain in the Arabian Gulf.

Question. The President's fiscal year 2004 budget proposes to consolidate several existing Coast Guard accounts: Operating Expenses, Environmental Compliance and Restoration, and Reserve Training into one Operating Expenses account; and Acquisition, Construction and Improvements and Research, Development, Test and Evaluation into one Capital Acquisitions account. Is this consolidation of accounts necessary? What is accomplished by combining these accounts?

Answer. The intent of the consolidation is to ensure more consistency, simplicity, and flexibility across all DHS components.

The Operating Expenses appropriation is comprised of the Coast Guards traditional Operating Expenses (OE), Environmental Compliance & Restoration (EC&R) and Reserve Training (RT) accounts. Environmental Compliance & Restoration is a natural fit as it's utilized for clean ups of hazardous sites, battery recovery operations or minor restorations of contaminated facilities which is a typical use of operating expense resources. Reserve Training is also a natural fit since it is used for military pay and benefits, training, operational equipment and travel expenses—normal uses of Operating Expenses.

The Capital Acquisitions appropriation is comprised of the Coast Guards traditional Acquisition, Construction & Improvements (AC&I), Research Development Testing & Evaluation (RDT&E) and Alteration of Bridges (AB) accounts. RDT&E fits into the Capital Acquisitions structure since these resources, primarily, are the precursor to major and minor acquisitions, focused on forming the business and performance case for the follow-on procurements. Although we are not requesting re-

sources for Alteration of Bridges in fiscal year 2004, recapitalizing highway and railroad bridges fits into the structure of a capital acquisition process.

EMERGENCY PREPAREDNESS AND RESPONSE

Question. Which functions (budgets, personnel, daily operations, etc.) of the Domestic Emergency Support Team, the National Disaster Medical System and the Nuclear Incident Response Teams transferred from the Federal Bureau of Investigation, the Department of Health and Human Services and the Department of Energy to the Department of Homeland Security (DHS)?

Answer. For the National Disaster Medical System (NDMS), operations, budgets and authorities have been transferred into DHS. DHS and the Department of Health and Human Services (HHS) have entered into a memorandum of understanding that provides the basis for HHS-continued administrative support for personnel, procurement, finance, and other administrative systems until these functions can be moved to DHS or the beginning of fiscal year 2004, whichever is sooner. HHS continues to support the personnel system used for the activation of approximately 8,000 civilian volunteers. The NDMS legislative authorities (Public Law 107–188) transferred to DHS, and the Under Secretary for Emergency Preparedness and Response (EP&R) became the head of NDMS.

The Domestic Emergency Support Team (DEST) is a multi-agency response element. The operational control of the DEST transferred from the FBI to DHS on March 1st. While each agency supplies its own personnel and equipment to the DEST, DHS has assumed the administrative and logistical responsibilities for the team.

All program management responsibilities for the Nuclear Incident Response Teams including budgeting, staffing, training, equipping, strategic planning, and maintenance remain with the Department of Energy (DOE). The responsibility for establishing standards; certifying accomplishment of those standards; conducting joint and other exercises and training; evaluating performance; and providing funding for homeland security planning, exercises, training, and equipment is now the responsibility of the Department of Homeland Security.

The emergency response assets of DOE/National Nuclear Security Administration (NNSA) will deploy at the direction of the Secretary of DHS through the Under Secretary for EP&R, with the exception of the regional Radiological Assistance Program (RAP) teams, which retain the authority to self-deploy. While deployed, the emergency response assets fall under the operational control of the Secretary of DHS for the length of the deployment. All operational functions will be coordinated through the Under Secretary for EP&R or his designee, and will be consistent with current Presidential Decision Directives, Executive Orders, and interagency contingency plans. All deployed assets will support the designated Lead Federal Agency and the On-Scene Commander.

Question. It has been said that DHS will have operational control over the Domestic Emergency Support Team, the National Disaster Medical System and the Nuclear Incident Response Teams. What is meant by operational control? Will the three teams essentially remain at their current departments but receive funding through DHS? Do you foresee any obstacles in this arrangement to the successful operation of these vital systems?

Answer. DHS and HHS have entered into a memorandum of understanding that provides the basis for HHS-continued administrative support for personnel, procurement, finance, and other administrative systems until these functions can be moved to DHS or the beginning of fiscal year 2004, whichever is sooner. HHS continues to support the personnel system used for the activation of approximately 8,000 civilian volunteers. Having the personnel system continue within HHS has not adversely affected the readiness of the NDMS. Operational control for NDMS means managing the System on a day-to-day basis, including authority to activate and deploy, and to direct and manage response teams when they are deployed to an incident. DHS is also responsible for the strategic development of the response teams.

The DEST is a multi-agency response element. The operational control of the DEST transferred from the FBI to DHS on March 1st. While each agency supplies its own personnel and equipment to the DEST, DHS has assumed the administrative and logistical responsibilities for the team.

All program management responsibilities for the Nuclear Incident Response Teams remain with DOE. The responsibility for establishing standards; certifying accomplishment of those standards; conducting joint and other exercises and training; evaluating performance; and providing funding for homeland security planning, exercises, training, and equipment is now DHS' responsibility.

The emergency response assets of DOE/NNSA will deploy at the direction of the Secretary of DHS through the Under Secretary for EP&R, with the exception of the regional RAP teams, which retain the authority to self-deploy. While deployed, the emergency response assets fall under the operational control of the Secretary of DHS for the length of the deployment. Operational control is the authoritative direction over all aspects of nuclear/radiological operations and provides the authority to perform those functions of command and control over the response assets involving planning, deploying, assigning tasks, designating objectives, and giving authoritative direction necessary to accomplish the mission. Operational control provides full authority to organize the deployed assets as the DHS Secretary, through the Under Secretary for EP&R or his designee, considers necessary to accomplish assigned missions. It does not, in and of itself, include authoritative direction for logistics or matters of administration, discipline, or internal organization. All operational functions will be coordinated through the Under Secretary for EP&R or his designee, and will be consistent with current Presidential Decision Directives, Executive Orders, and interagency contingency plans. All deployed assets will support the designated Lead Federal Agency and the On-Scene Commander.

Question. Is it true that DHS is considering changing the name of the Emergency Preparedness and Response (EP&R) Directorate to the Federal Emergency Management Agency (FEMA) because of its national name recognition? If so, how is this possible since EP&R was created by statute? Have you discussed this possible change with the House and Senate authorizing committees? What would be the benefits of changing the name from EP&R to FEMA, since EP&R now encompasses more than what was formerly known as FEMA?

Answer. Such a proposal is under consideration by the Administration. DHS will provide notification to the appropriate committees if such a change is formally proposed.

Question. On April 15, 2003, the President made available to DHS an additional $250 million in Disaster Relief funding through EP&R to assist with the recovery of the Columbia Shuttle disaster and other ongoing recovery efforts from previous disasters. Since this additional funding is provided to assist with disasters that EP&R has already responded to and been working on, is there sufficient funding in the Disaster Relief account to sustain operations throughout the remainder of the fiscal year?

Answer. Supplemental funds for the Disaster Relief Fund will be required this fiscal year. However, the Administration is still reviewing estimates of projected requirements, and will notify Congress formally at the appropriate time.

OFFICE FOR DOMESTIC PREPAREDNESS

Question. The fiscal year 2004 budget proposes to manage the First Responder initiative through the Office for Domestic Preparedness. The budget requests $3.5 billion in funding and earmarks $500 million of this amount for assistance to firefighters and $500 million to law enforcement. How does the Administration propose to allocate the $500 million requested for firefighters and the $500 million proposed for law enforcement? For example, do you intend to retain the current grant programs now being managed by the Emergency Preparedness and Response directorate (formerly FEMA) which provide emergency management performance grants to states or grants directly to fire departments through the Assistance to Firefighters Grant program?

Answer. There are two separate allocations of $500 million in the fiscal year 2004 request. One $500 million allocation will be for direct terrorism preparedness assistance to fire departments, similar to the Fire Act program being transferred from FEMA. Since its inception, DHS's Office for Domestic Preparedness has enjoyed a strong relationship with the Nation's fire service. The fiscal year 2004 Budget strengthens that relationship while integrating direct fire department grants into the broader planning process for terrorism preparedness.

The other $500 million allocation request for State and local law enforcement for terrorism preparedness and prevention activities which include: training and equipment for WMD events, support for information sharing systems, training of intelligence analysts, development and support of terrorism early warning methods, target hardening and surveillance equipment, and opposition force exercises.

Question. No additional funding is requested for fiscal year 2004 for critical infrastructure protection grants (funded in the fiscal year 2003 Emergency Wartime Supplemental Appropriations Act) or for high-threat urban areas (funded in the fiscal year 2003 Consolidated Appropriations Act and the fiscal year 2003 Emergency Wartime Supplemental Appropriations Act). Do you foresee a need to continue fund-

ing for either of these grant programs in fiscal year 2004? How much is included in the fiscal year 2004 request for each of these programs?

Answer. The $200 million appropriated in the 2003 Emergency Wartime Supplemental Appropriations Act was for reimbursement of states for expenses incurred protecting critical infrastructure during Operation Liberty Shield.

Urban Area Security Initiative (UASI) was developed and implemented after the fiscal year 2004 budget request was developed. We believe the states will find this program an integral part of their strategic planning, and continue to fund it with grant funds ODP allocates to them on an annual basis. DHS will expect state plans and applications to make adequate provision for major population centers. Instituting a separate grant application process for their needs will lead to overlap and duplication.

Question. First responders funding has been awarded to states with a pass-through to local governments on the basis that statewide plans are developed to deal with the issues of terrorism preparedness, vulnerability assessments and the like, and that the funds be spent by the States and local governments consistent with this plan. How important do you believe the statewide plans are in assuring the proper expenditure of this assistance at the State and local level?

Answer. The State Homeland Security Strategy is designed to give each State and territory one comprehensive planning document that includes response requirements for a WMD terrorism incident, irrespective of the sources of funding. It is developed based on assessments of threats, vulnerabilities, and capabilities at both the State and local jurisdiction levels. It should serve as a blueprint for the coordination and enhancement of efforts to respond to WMD incidents, using Federal, State, local, and private resources within the state. Because of the importance of this information, the grants are awarded based on the submission of this state plan to ensure the state uses the funds according to the needs identified in the strategy.

There have been many concerns from the government as well as first responders in the field regarding the grant funding reaching local jurisdictions in a timely manner. Therefore, the fiscal year 2003 State Homeland Security Grant Program I (SHSGP I) and SHSGP II incorporate a strict timeline to facilitate the release and obligation of this funding.

The SHSGP I application kit was posted online on March 7, 2003. States had to submit their applications to ODP within 45, by April 22, 2003. Applications were reviewed at ODP within 7 days of submission. Once approved by ODP, grants will be awarded to the states within 21 days. States have 45 days to obligate funds from the time grant is awarded. As mandated by Congress, 80 percent of the equipment funds must be provided to local units of government. The required bi-annual Categorical Assistance Progress Reports must reflect the progress made on providing funds to the local jurisdictions.

The SHSGP II application kit was posted online on April 30, 2003. States must submit their applications to ODP within 30 days, by May 30, 2003. Applications will be reviewed at ODP within 7 days of submission. Once approved by ODP, grants will be awarded to the States within 21 days. States have 45 days to obligate funds from the time that the grant is awarded. As mandated by Congress, 80 percent of the total amount of the grant to each State must be provided to local units of government. The required bi-annual Categorical Assistance Progress Reports must reflect the progress made on providing funds to the local jurisdictions.

Question. In testifying before the Senate Appropriations Committee on the fiscal year 2003 supplemental request, you indicated, Secretary Ridge, that there may be reason to rethink how we distribute future terrorism preparedness funding, whether the population-based distribution formula historically used by the Office for Domestic Preparedness is appropriate, or whether it should take into account such factors as threat, vulnerability, critical infrastructure needs, and the like. Does the Administration plan to submit to the Congress a proposal to change the formula for the program? What changes in the formula will be sought?

Answer. The current formula for the allocation of ODP funds to the States for the fiscal year 2003 State Homeland Security Grant Program (SHSGP) I and SHSGP II was computed on a base, pursuant to the Patriot Act, plus a population formula. Starting in fiscal year 2004, the Department will seek to make changes in how it distributes funding to the States. Each State and territory will continue to receive a base amount, but the balance of funds will utilize a multi-faceted formula, taking into account factors including threat and risk assessments, critical infrastructure of national importance, and population density. The Administration would support legislation to lower the base amount so that more funds are available to allocation based on other factors.

QUESTIONS SUBMITTED BY SENATOR PETE V. DOMENICI

BORDER ISSUES

Question. It has been 17 years since the Federal Government launched a major effort to upgrade U.S. borders and that effort focused only on the Southwest border.

I have just sponsored the Border Infrastructure and Technology Modernization Act (S–539). The new bill will focus on U.S. borders with Canada as well as Mexico. This bill has the dual goals of facilitating the efficient flow of trade while meeting the challenges of increased security requirements.

This will include:

—More funding for equipment at our land borders—Additional funding for personnel

—Additional funding for training

—And, additional funding for industry/business partnership programs along the Mexican and Canadian borders.

It is important for the border enforcement agencies to work with the private sector on both sides of the border and reward those partners who adopt strong internal controls designed to defeat terrorist access to our country.

What are your thoughts on the importance of trade partnership programs along the Southwest border?

Answer. Industry Partnership Programs (IPP) allow the BCBP to expand our influence beyond the borders and into Mexico, Central America, South America and the Caribbean. Under the umbrella of the Customs-Trade Partnership Against Terrorism (C–TPAT), these priority initiatives include the Land Border Carrier Initiative Program (LBCIP), the Business Anti-Smuggling Coalition (BASC) and the Americas Counter Smuggling Initiative Program (ACSI). Each IPP enables the Trade to tighten our borders through the enhancement of supply chain security standards that deter smugglers from using conveyances and cargo to smuggle terrorist devices and narcotics. These complementary programs benefit both BCBP and the private sector by securing the integrity of shipments destined for the United States while promoting the efficient flow of trade.

We are currently working on additional security requirements that take into account the additional terrorist and drug threat on the Southwest border for conversion of the LBCIP carriers to C–TPAT. BASC chapters have been established throughout Ecuador, Colombia, Costa Rica, Mexico, Panamá, Perú, Venezuela and most recently in Jamaica, where a chapter was founded in March 2003. The ACSI Teams continue to support BASC through security site surveys, briefings on smuggling trends and techniques and security and drug awareness training.

The primary purpose of LBCIP is to prevent smugglers of illegal drugs from utilizing commercial conveyances for their commodities. Carriers can effectively deter smugglers by enhancing security measures at their place of business and on the conveyances used to transport cargo. By signing agreements with the BCBP, land and rail carriers agree to enhance the security of their facilities and the conveyances they use and agree to cooperate closely with BCBP in identifying and reporting suspected smuggling attempts.

BASC is a business-led, BCBP supported alliance created to combat narcotics smuggling via commercial trade that was formed in March 1996. BASC examines the entire process of manufacturing and shipping merchandise from foreign countries to the United States, emphasizing the creation of a more security-conscious environment at foreign manufacturing plants to eliminate, or at least reduce, product vulnerability to narcotics smuggling. BCBP supports BASC through ACSI, which are teams of BCBP officers that travel to the BASC countries to assist businesses and government in developing security programs and initiatives that safeguard legitimate shipments from being used to smuggle narcotics and implements of terrorism.

Question. What plans do you have to increase cooperation with the Mexican government on border issues?

Answer. The Border Patrol component of the Bureau of Customs and Border Protection will continue to work closely with the Mexican government on border issues regarding the safety and security of all persons living on and or traveling in the vicinity of the U.S./Mexico border. The close cooperation with officials of the Mexican government, both at the national and local levels, has recently lead to joint border safety initiatives aimed at protecting the lives of those who are endangered by the smugglers that prey upon them. The joint safety initiatives include water safety and rescue training and public service announcements which are broadcast in Mexico to warn border crossers of the dangers involved in crossing rivers, deserts and mountainous areas. These successful joint ventures with the Mexican government

will continue to increase as the benefits to the citizens of both countries are realized.

FEDERAL LAW ENFORCEMENT TRAINING CENTER (FLETC)

Question. Congress created the Federal Law Enforcement Training Center (FLETC) to be the consolidated training center for almost all law enforcement agencies. As the law enforcement training arm of the Department of Homeland Security (DHS) it seems logical that FLETC should develop and conduct standardized training for all Homeland Security law enforcement and inspection personnel.

Such a training approach would ensure that all law enforcement personnel receive appropriate and consistent instruction. This is particularly important as you retrain and cross-train border agencies which have been merged under DHS (e.g. Customs, Immigration, and Agriculture Inspectors).

Congress specifically created the Federal Law Enforcement Training Facility in Artesia, New Mexico to handle the advanced and special training of almost all Federal law enforcement personnel.

In the past, Federal agencies have chosen not to use FLETC facilities for training and instead have contracted with non-Federal institutions. Over the past few years, Congress has provided over $30 million for the FLETC Artesia facility, alone.

When the need for Federal Air Marshal training arose after September 11, FLETC-Artesia answered the call to duty by developing and providing this training in a remarkably short period of time. By way of example, FLETC-Artesia brought in three 727 airplanes for use in training to go along with the 18 firing ranges and 3 shoot-houses.

FLETC-Artesia boasts 683 beds, state-of-the-art classrooms, and a brand new cafeteria to accommodate approximately 700 students a day, yet it has been running at around 320 students during fiscal year 2003.

FLETC-Artesia's close proximity to the Southwestern border, recently constructed facilities and optimal training conditions certainly suggest the center should be highly utilized by DHS.

How do you intend to provide training for the newly hired DHS personnel as continued training for existing DHS personnel in light of the new security challenges facing our country?

Answer. As we enter a new era in law enforcement operations in the United States, the FLETC is a good example of the new government approach intended by the legislation creating the DHS: a means to harmonize the work of many law enforcement agencies through common training, while at the same time maintaining quality and cost efficiency. In fiscal year 2003, 65 percent of the FLETC's projected training workload will come from nine law enforcement agencies transferred to the new Homeland Security department. In fiscal year 2004, this workload will continue to be above 73 percent of our estimated total Federal training workload.

Under the leadership of Secretary Ridge and Under Secretary Hutchinson, FLETC intends to work closely with all segments of DHS. Placing FLETC within the DHS will help to support the "unity of command" and the coordination and efficiency themes sought in the public law that created DHS. FLETC has a long history of service to many of the DHS components—the U.S. Secret Service, the former Customs and Immigration and Naturalization Services including the U.S. Border Patrol (USBP), the Federal Protective Service and more recently, the Transportation Security Administration (TSA).

With the start-up of the Bureaus of Customs and Border Protection and Immigration and Customs Enforcement, FLETC is ready to help facilitate, develop, and implement new training and cross training programs. We recognize that much of this effort and expertise will necessarily come from the agencies involved, but there likely will be significant adjustments made over time to all DHS-related training programs, basic and advanced. Already, an effort is underway to systematically review existing training for these new entities and to address whatever capabilities are needed to meld the duties of the participants. In the meantime, training will continue unabated to achieve all of the hiring expectations of our agencies.

Question. How do you intend to use FLETC facilities for training DHS employees?

Answer. The national "war on terrorism" precipitated by the events of September 11, 2000 placed new and increased demands on the Nation's Federal law enforcement agencies. Officers and agents immediately began to work extended hours and many have been reassigned geographically and/or to expanded duties. Nearly all Federal law enforcement agencies made plans to increase their cadre of qualified officers and agents, and submitted urgent requests to the FLETC for basic law enforcement training far in excess of the FLETC's normal capacity. These requests

were for increased numbers of graduates and for their speedy deployment to buttress the hard-pressed Federal law enforcement effort.

The events of September 11 also increased the need for certain advanced law enforcement training conducted at the FLETC, especially classes associated with such issues as counter-terrorism, weapons of mass destruction, money laundering, etc. Likewise, the need for instructor training classes increased, to strengthen the cadre of instructors qualified to handle the training surge—at the FLETC and within the agencies.

In addressing the unprecedented increase in training requirements, FLETC has conducted capability analyses to determine the set of actions most likely to result in optimum throughput without compromising the qualifications of graduating officers and agents, and maximizing the use of each of its training facilities. With the consultation and concurrence of its partner organizations (POs), FLETC leadership directed that training be conducted on a six-day training schedule (Monday through Saturday), thus generating a 20 percent increase in throughput capability. More importantly, the 6-day training schedule drives a corresponding compression of the length of each training program, effectively delivering each class of new law enforcement officers to their agencies weeks sooner than under the conventional training schedule. Should the 6-day training schedule be insufficient to meet the demand, an extended work day will be considered.

In addition to the 6-day training schedule, FLETC has expanded its staff with a supplemental cadre of re-employed annuitants (primarily retired Federal law enforcement officers) who are contributing their skills and experience as instructors to help sustain the surge in training operations. This is a 5-year authority provided by Congress in fiscal year 2002.

Further, the Federal Law Enforcement Training Center has been tasked by BTS with establishing a Training Academy Committee to identify and assess the training capabilities of all of the BTS training academies. This study will be the basis for determining the schedule and priority for training elements of DHS in a coordinated manner.

Question. How should DHS use FLETC Artesia's facilities and specialized training capabilities?

Answer. FLETC intends to utilize its Artesia facility to its maximum potential. At the request of the Under Secretary, Border and Transportation Security (BTS) Directorate, Department of Homeland Security (DHS), the Federal Law Enforcement Training Center has been tasked with establishing a Training Academy Committee to identify and assess the training capabilities of all of the BTS training academies. The Committee will use a two phased methodology to identify the training assets and to develop a plan for operating the facilities employed by each of the Directorate's bureaus, and will also include the Coast Guard, Secret Service, and the Bureau of Citizenship and Immigration Services. The operational plan will provide the framework for coordinating academy training in all BTS bureaus. The Committee will develop and submit a report at the conclusion of each phase according to the timelines established by its charter. Once the Committee has identified all of the BTS training capabilities, FLETC can develop a more definitive utilization plan of facility usage at Artesia and all other sites.

THE NATIONAL INFRASTRUCTURE SIMULATION AND ANALYSIS CENTER (NISAC)

Question. The National Infrastructure Simulation and Analysis Center (NISAC), located at Kirtland Air Force base and run by Los Alamos and Sandia Labs is one of the best analytical tools, not only in the country, but probably in the world. NISAC should be used as a critical management tool across the board by all DHS executives.

NISAC's mission is to improve the robustness of the Nation's critical infrastructure (e.g. oil and gas pipelines, electrical power grids, roadways, harbors, etc) by providing an advanced modeling and simulation capability that will enable an understanding of how the infrastructure operates; help identify vulnerabilities; determine the consequences of infrastructure outages; and optimize protection and mitigation strategies.

How do you plan on using this facility to its fullest potential?

Answer. We anticipate that the NISAC will provide a capability for complex analysis of infrastructures, infrastructure interdependencies and project cascading effects for both tactical and strategic decision making. While NISAC is still in early development and the actual capabilities have yet to be proven in an integrated manner the initial capabilities look promising.

Question. Where do on plan on locating it in the new organization?

Answer. The fiscal year 2003 Omnibus Appropriations requires the development of a NISAC in New Mexico. During the initial phases of development the NISAC Program Office will be in Washington, DC and we will begin building technical capacity in New Mexico. A specific location for a permanent facility has not yet been selected. The NISAC will be a DHS owned and operated facility with a DHS management team and a resident contractor technical staff from academia, support contractors and the national laboratories.

PURCHASE OF THE TOWN OF PLAYAS

Question. Approximately one week ago, I sent you a letter suggesting the Department of Homeland Security purchase the town of Playas for the training of State and local first responders.

As you are aware, Playas is a deserted company town in Southern New Mexico that could be used as a real world anti-terrorism training center.

Playas incorporates almost 260 homes, several apartment buildings, a community center, post office and airstrip, a medical clinic, churches and other typical small town structures.

This town would cost the government $3.2 million—a bargain that should not be passed up. While Federal law enforcement has access to modern training facilities at FLETC, State and local first responders do not have access to the same quality of facilities. Playas can meet this vital need in a cost-effective manner.

Currently, New Mexico Tech, a member of Homeland Security's National Domestic Preparedness Consortium, has put together a proposal for the Department of Homeland Security through their Office of Domestic Preparedness to purchase Playas.

What role do you foresee Playas playing in the defense of our homeland?

Answer. At this time, a decision as to the role of Playas is undetermined, although the site could have potential value in a national training architecture. Playas' usefulness as a location for homeland defense preparedness training must first be assessed through a feasibility study to determine if acquisition of the property will make a contribution to the national first responder training program.

Question. Will you evaluate the feasibility of using Playas as a training site for State and local first responders before we lose this unique opportunity?

Answer. A feasibility study to determine the potential use of Playas as a training center would be the first step in the decision-making process. If upon review of the completed feasibility study a decision is made to move forward with utilizing the property for a training facility, a detailed plan will be developed to determine the most advantageous manner in which to acquire the property. This would be a lengthy process given the many legal issues involved, particularly if the decision is for the Federal Government and ODP to purchase or lease the property.

DHS is committed to using existing training sites to their fullest capacity and capabilities before acquiring any additional facilities. Facilities under the control of DHS components, such as the U.S. Secret Service, Office of Domestic Preparedness, Federal Law Enforcement Training Center and the U.S. Coast Guard, will first be considered in assessing site usage for first responder training. To the extent feasible and necessary, DHS also will review the capabilities of State and local law enforcement academy sites, which may provide more cost effective means for training partnerships. At this time, there does not appear to be a need for the acquisition of a "town" setting to conduct presently identified training needs. Should circumstances arise that may warrant such consideration, DHS will be pleased to evaluate the Playas, NM site.

NATIONAL GUARD ISSUE

Question. I have been told that the Department of Defense has decided to terminate National Guard support to the Department of Homeland Security's border inspection operations. I believe that the National Guard has been an intricate partner with Customs for well over a decade, providing the extra hands necessary to help inspect cargo at our land borders, seaports, and mail facilities. I believe there are approximately 350 National Guardsmen working alongside Customs in this capacity, at any given time.

This work is of particular importance to New Mexico on our border with Mexico. There are approximately 52 guardsmen along the New Mexican border supporting a total of 90 plus Customs, Immigration and Agriculture inspectors. It is my understanding that for every guardsman who works searching cargo or screening mail allows an extra Department of Homeland Security (DHS) inspector to be on the frontlines looking for terrorists.

As I understand, the Defense Department would like to place these guardsmen in positions (along the U.S. border) that are more "military unique", such as intelligence collection.

Is now the time for DOD to move these guardsmen from these critical positions?

Answer. In September 2002, DOD officially informed the U.S. Customs Service, now Bureau of Customs and Border Protection (BCBP), that they would discontinue funding National Guard counternarcotics support of BCBP's Cargo and Mail Inspection operations (the only BCBP operations supported by National Guard soldiers) effective September 30, 2003. DOD subsequently changed this date to September 30, 2004.

As a result of the September 2002 notification, aggressive hiring strategies to offset any negative impact of losing National Guard support were implemented. Through regular appropriations, supplemental funding and an overall increase in our inspector corps as a result of the March 1, 2003 transition to BCBP, our agency is prepared to do without National Guard support beginning October 1, 2004.

Question. Shouldn't we be increasing the number of guardsman at our borders?

Answer. As a result of the significant increase in BCBP staffing, as outlined above, it is not necessary to retain National Guard support at our borders, nor is it necessary to increase the number of National Guard soldiers at the border locations. BCBP welcomes National Guard support beyond September 30, 2004, but the support is not critical for BCBP to accomplish its mission.

Question. If DOD pulls the Guard from the border will DHS need more funding to replace personnel?

Answer. No. Through regular appropriations, supplemental funding and an overall increase in our inspector corps as a result of the March 1, 2003 transition to BCBP, our agency is prepared to do without National Guard support beginning October 1, 2004.

QUESTIONS SUBMITTED BY SENATOR BEN NIGHTHORSE CAMPBELL

Question. I understand that the Denver International Airport has been working closely with the Transportation Security Administration to modify its baggage conveyor system so the TSA can permanently install explosive detection systems to screen checked baggage at an estimated cost of $90 million.

Denver has plans ready and the construction contracts in place and could get started today. However, Denver is still waiting for the TSA to release the initial $30 million that the TSA has committed to providing to get the first phase underway.

I would hope that the TSA would get this crucial funding disbursed so that this important work could get started as soon as possible.

Can you tell me why this funding has to date been withheld?

Answer. TSA has been in negotiations with Denver on the funding process. These negotiations are in the final stages, and I hope to have a completed agreement by early June.

Question. When do you expect the TSA will release the $30 million to Denver?

Answer. TSA will release the $30 million once an agreement has been reached and executed by both parties.

Question. What is the schedule for providing the remaining $60 million?

Answer. TSA is completing LOI plan which will describe the Federal commitment for Denver and other airports under the LOI authority.

QUESTIONS SUBMITTED BY SENATOR ROBERT C. BYRD

Question. Why has the Administration requested $30 million for funding of the new Department of Homeland Security headquarters facility in the Department's budget as opposed to in the General Services Administration budget—where most Federal construction projects are funded? Does the Department intend to assume over time the construction and repair and alteration requirements of other facilities (such as ports of entry) which are now part of the new Department?

Answer. The budget request included language that joined DHS and GSA together in working through the design and site acquisition process. We believe that this partnership will work well in satisfying DHS needs for ensuring that the permanent DHS headquarters is established at the earliest possible time while ensuring that GSA's proven acquisition expertise is utilized. This partnership should also result in GSA eventually taking over and operating the DHS headquarters building under the Federal Buildings Fund system with allowances made for the extent of DHS's contribution to the project. With regard to assumption of construction, repair and

alteration requirements of other facilities which are now part of DHS, we intend to examine the most cost effective and efficient ways of accomplishing these activities.

LEGACY CUSTOM SERVICE AND IMMIGRATION AND NATURALIZATION SERVICE FEES

Question. A significant portion of the budgets of the new Bureaus of Customs and Border Protection and Immigration and Customs Enforcement are based on the assumed collection of fees from the legacy Customs Service and Immigration and Naturalization Service. What happens if these fees do not materialize or materialize at levels lower than estimated? How do you intend to bridge that funding gap should one occur?

Answer. If funding shortages occur because of smaller fee receipts, BCBP will adjust the level of inspection services accordingly in order to function within available resources.

EXPIRATION OF COBRA FEES

Question. The COBRA fees—which provide funding for nearly 1,100 legacy Customs personnel as well as nearly all overtime for the legacy Customs inspectors—expire at the end of this fiscal year. What, if anything, are you doing to extend these fees? Have you submitted legislation to the appropriate authorizing committees and discussed with them the need for the extension of these fees? Also, what contingency plans, if any, do you have in place to cover the costs of the current COBRA-funded functions should the fees not be extended in time?

Answer. We have briefed both the HouseWays and Means Committee and the Senate Finance Committee staffs on the need for an extension of the COBRA fees, and both Committees have developed proposals to extend the fees. The expiration of the COBRA fees will present numerous problems for BCBP as well as fee paying parties-in-interest. Other existing statutes require that airlines be billed for overtime services and pre-clearance (19 USC 267 and 31 USC 9701) and that foreign trade zones and bonded warehouses be billed for inspectional and supervision services (19 USC 81n and 19 USC 1555). Other charges, such as fees for reimbursement of compensation of boarding officers under 19 USC 261 will also need to be reinstated. These statutes are held in abeyance while the COBRA fees are in effect (see 19 USC 58c(e)(6)). While the reimbursements from these other statutes would offset some of the losses from the expired COBRA fees, the amounts are not expected to be significant. If the COBRA fees expire, service to international passengers and the trade would need to be reduced to a level commensurate with available funding. It should also be noted that the failure to reauthorize the fees provided for under the COBRA statute (19 USC 58c) will result in an additional loss in collections of approximately $1 billion annually. This represents the Merchandise Processing Fees, which are deposited into the General Fund of the Treasury as an offset to the commercial operations portion of the BCBP budget

REVISED DEPARTMENT PAY PLAN

Question. A report from the Office of Personnel Management was due February 24 on the plan to merge the various individual pay and benefits systems in the new Department. An outline on issues to be considered in developing such a plan was delivered a few weeks after the due date. What is the status of the pay and benefits plan? When will a final plan be proposed? Do you anticipate that further legislation will be needed to implement the plan? What Federal agencies and entities, as well as outside organizations, are participating in, or are you consulting with, on the development of the plan?

Answer. The Design Team which we have established to develop options for a new Human Resource Management System for the Department has been asked to address issues of pay and benefits as an integral component of the larger system design. The Design Team is conducting basic research during the early summer months. The schedule for the Design Team calls for the presentation of options later this fall. The authorities granted to DHS and OPM in the Homeland Security Act will allow us to address some of the differences of basic compensation in regulation—any changes to benefits or premium pay would require legislation. The Design Team has reached out to many Executive Branch agencies in the conduct of its research. In addition, they have met with private and public sector entities from around the country, they have consulted with the General Accounting Office and the Merit Systems Protection Board. And they will be conducting town hall and focus group meetings around the country with DHS employees and their representatives during the month of June. The Team itself includes human resource professionals from both DHS and OPM, management and employee representatives from DHS, union professional staff and local union representatives of DHS bargaining units.

NATIONAL CAPITAL REGION AIRSPACE PROTECTION

Question. Is it true that there are no air assets—either rotary or fixed wing—permanently assigned to the National Capital Region and that the Bureau of Immigration and Customs Enforcement helicopters currently protecting our airspace are borrowed from other parts of the country? How many assets have been assigned to this region and from which parts of the country are they being borrowed? How long are they expected to be assigned to this region? What are the impacts on the on-going operations at the other regions from which these assets have been borrowed? Is there a long term "fix" in the planning stages for this problem?

Answer. The Bureau of Immigration and Customs Enforcement (BICE), Office of Air and Marine Interdiction (OAMI) is providing two Blackhawk helicopters and two Citation Tracker aircraft with associated aircrews and support personnel for National Capital Region (NCR) air security operations. Additionally, OAMI is providing Detection Systems Specialists (DSSs) and four operator consoles from the Air and Marine interdiction Coordination Center to establish and provide 7×24 law enforcement air surveillance to the NCR. These assets are drawn from throughout the OAMI program and are rotated on a regular basis to minimize the impact to any one sector. The impact on aircraft maintenance at the other regions is the loss of productive man-hours to support the remaining aircraft, thus limiting the maintenance contractor's flexibility to meet other surge demands. There is no expectation of this mission terminating.

LETTERS OF INTENT

Question. The fiscal year 2003 Iraqi War Supplemental (Public Law 108–11) included a provision allowing the Under Secretary for Border and Transportation Security to issue letters of intent to airports to provide assistance in the installation of explosive detection systems. What is the status of this issue? Is the Office of Management and Budget delaying the issuance of these letters?

Answer. TSA has received OMB approval to begin using the letter of intent (LOI) process included in Public Law 108–11. Along with the LOI, TSA and the airport develop and enter into a Memorandum of Agreement (MOA) to outline the specific details of the work to be accomplished to complete an in-line explosive detection system (EDS) solution. TSA is working to complete and LOI plan which will outline the Federal Government's commitment to EDS integration.

PRIVATE MAIL RADIATION DETECTION EQUIPMENT

Question. The Department has provided its employees who inspect U.S. Postal Service mail with radiation detection equipment. Does it also provide similar equipment for employees who inspect United Parcel Service and FedEx mail? If not, why not? Is there a plan to provide this equipment in the future?

Answer. The equipment used by employees inspecting DHS deliveries is used while screening deliveries from the U.S. Postal Service, United Parcel Service, and FedEx. Its use has proven effective to date and it is expected that it will continue to be used in the future.

OPERATION GREENQUEST

Question. By all accounts, the on-going anti-terrorism initiative known as "Operation Greenquest" is working quite well. However, there have been rumblings that the FBI may be attempting to take control of the Operation from the Department's Bureau of Immigration and Customs Enforcement. Is this true? If so, does the Department support shifting control of the program from legacy Customs to the FBI? For what reason?

Answer. In an effort to unify the U.S. Government's war against terrorist financing, the Departments of Homeland Security and Justice entered into a Memorandum of Agreement (MOA) on May 13, 2003. This MOA assigns lead investigative authority and jurisdiction regarding the investigation of terrorist finance to the Federal Bureau of Investigation (FBI).

Those cases that are determined to be "terrorist financing" cases will be investigated only through participation by the Bureau of Immigration and Customs Enforcement (BICE) in the FBI Joint Terrorism Task Forces (JTTF). All appropriate BICE-developed financial leads will be reviewed by the FBI, and if a nexus to terrorism or terrorist financing is identified, the leads will be referred to the JTTF under the direction of the FBI's Terrorist Financing Operations Section (TFOS). There are no provisions in the current agreement between DHS and DOJ that allow for delegation of authority of terrorist financing investigations.

In accordance with BICE's independent authority and jurisdiction relative to other financial crimes and money laundering investigations, BICE will be the lead investigative agency for financial investigations that are not specified as "terrorist financing" cases. BICE will continue to vigorously and aggressively proceed with its DHS mission to target financial systems that are vulnerable to exploitation by criminal organizations, and to protect the integrity of U.S. financial infrastructures.

JUSTICE DEPARTMENT'S RECENT DECISION REGARDING ILLEGAL IMMIGRANTS

Question. On April 24, Attorney General Ashcroft announced that his agency has determined that broad categories of foreigners who arrive in the United States illegally can be detained indefinitely without consideration of their individual circumstances if immigration officials say their release would endanger national security. Apparently, Homeland Security officials appealed that decision but their objections were overruled by the Attorney General. There are significant costs that are born by detaining illegal immigrants until their eventual deportation. For instance, it is estimated that the detention of Haitians in Florida over a 6 month period has cost the Department $12.5 million. Given that the Justice Department decision could have a significant impact on the Homeland Security Department's budget, how will the costs of these policy decisions be paid and by whom? Is the Department making further appeals of the Justice Department's ruling in this case?

Answer. BICE is fully supportive of the decision by the Attorney General to allow national security implications to be considered as part of bond determinations. This decision was requested by BICE in the face of a recent Board of Immigration Appeals (BIA) decision which had ruled that bond determinations could only be based on individual circumstances.

However, there are other factors which have the potential to significantly impact already tight funding for bed space in BICE detention facilities. For example, the Supreme Court's recent decision in DeMore v. Kim, upholding the constitutionality of mandatory detention, while welcome, requires BICE to take approximately 4,000 aliens into custody in the near future. Other factors include increase detention needs based on SEVIS, NSEERS, and the absconder initiative. These new factors, combined with reductions to the funding level for the fiscal year 2003 Detention and Removal budget may require BICE to submit a request for supplemental appropriations.

There were two reductions to the funding level for the fiscal year 2003 Detention And Removal budget. In the appropriated account, $615 million identified for the Office of the Federal Detention Trustee was reduced by $22 million in the Conference Report. In the User Fee account, Detention and Removal funds were reduced by $5.6 million due to a decrease in expected User Fee revenue. As a result, without an appropriation supplemental, 1,081 beds would have to be reduced to cover the deficit. If a reduction in beds is necessary, the result will be 9,729 fewer aliens being detained. For aliens in detention, approximately 92 percent are removed, while approximately 13 percent of aliens on the non-detained docket are removed. Thus, the reduction in 1,081 beds may result in 7,686 fewer removals.

PORT SECURITY GRANTS

Question. On November 25, 2002, the President signed the Maritime Transportation Security Act of 2002, which addresses our need to quickly reduce the vulnerability of our seaports.

On that day, the President said the following and I quote: "We will strengthen security at our Nation's 361 seaports, adding port security agents, requiring ships to provide more information about the cargo, crew and passengers they carry."

The Coast Guard has since estimated the cost of implementing this Act at $1.4 billion in the first year and $6 billion in the next 10 years.

Congress has worked diligently to establish a mechanism for direct Federal grants to assist the ports. All together, we have provided $348 million to help ports establish new security measures. Unfortunately none of these funds were requested by the Administration. In the most recent competition, ports sent in over $1 billion in applications for $105 million in funding.

Mr. Secretary. Just 2 months after signing the Maritime Transportation Security Act, the President sent to Congress a budget for fiscal year 2004 that included no funds for Port Security Grants. Yet, in the State of the Union, the President said, that we've intensified security at ports of entry. How do you reconcile these statements with the President's request?

Answer. There are elements within the Coast Guard's fiscal year 2003 and 2004 budgets that represent a significant Federal investment in the increased security of

our ports. These budgets make substantial headway in implementing the Coast Guard's Maritime Strategy for Homeland Security.

For example, the Coast Guard developed and promulgated a Notice of Arrival regulation, which requires vessels to provide advance vessel, people, and cargo information to the Coast Guard. This regulation expanded the pre-9/11 Notice of Arrival requirements to include: 96-hour advance notice vice 24 hours; passenger and crew information; and additional information on previous ports of call and hazardous cargoes carried on board each vessel.

To centralize collection and processing of Notices of Arrival, the Coast Guard established the National Vessel Movement Center. This unit collects all of the Notice of Arrival information and enters it into a database that is accessible to Coast Guard units, as well as other agencies, including Bureau of Immigration and Customs Enforcement and the Centers for Disease Control.

In response to the Maritime Transportation Security Act (MTSA) the Coast Guard is developing regulations to improve the security of vessels, waterfront facilities, and ports. The Coast Guard plans to publish these interim rules by July 2003 and final rules by November 2003.

Aside from Coast Guard, the fiscal year 2004 budget provides $462 million in the IAIP account for vulnerability assessments and mitigation, as well as $18 million for the Customs Trade Partnership Against Terrorism (C–TPAT) and Free and Secure Trade (FAST) initiatives and $62 million for the Container Security Initiative in the Bureau of Customs and Border Protection..

Question. Mr. Secretary, the Administration has provided significant Federal aid to our airports to cover much, if not all, of the security costs associated with passengers and baggage screening, and I agree with that funding, but I am left wondering why port security is such a low priority. In the fiscal year 2003 omnibus bill, Congress approved $150 million of unrequested funds for port security grants. Would you commit to the Subcommittee that these dollars will be used immediately to cover some of the $1 billion of pending applications?

Answer. Port security is a high priority within the Department. We will continue to work with the Administration in developing budget execution plans for the spending of fiscal year 2003 appropriated funds for port security grants.

TRANSPORTATION SECURITY ADMINISTRATION

Question. One of the entities folded into the new Department of Homeland Security is entitled the Transportation Security Administration, not the Aviation Security Administration. Yet, within the $4.8 billion TSA budget, only $86 million is requested for maritime and land security activities while over $4.3 billion is requested for aviation security. In fact, the budget request for administrative costs associated with TSA headquarters and mission support centers ($218 million) is 2.5 times greater than the request for maritime and land security.

Mr. Secretary, why has more funding not been requested for other, equally important modes of transportation? Based on your analysis of the vulnerabilities of the various transportation modes, is the security of the airlines more important than the security of our ports, our busses and subways or AMTRAK?

Answer. DHS has requested substantial resources across the Department for security needs outside of aviation, including resources in the Coast Guard for ports and maritime security; in BCBP for cargo security; in IAIP for vulnerability assessment, intelligence, and infrastructure protection for all sectors including transportation; and in EP&R for emergency response. ODP recently proposed spending $75 million on port security and $65 million on mass transit security in fiscal year 2003. For its part, TSA continues key standards-setting efforts, and will work closely with modal administrations of the Department of Transportation to help leverage resources of that agency, where appropriate, to accomplish security goals. This type of cooperation has already occurred in many areas, for example hazardous materials transportation by truck.

CODE YELLOW TERRORISM ALERT LEVEL

Question. Mr. Secretary, on April 16, 2003, the Department of Homeland Security reduced the terrorism alert level from code orange to code yellow. According to your statement at the time, the change in threat level was the result of the Department's review of intelligence and updated threat assessments from the intelligence community. However, there have been numerous media reports that the Department also considered the cost of heightened security as a determining factor in the decision to move from orange to yellow alert.

As we have discussed before, heightened alert levels require States and local government to spend more on protecting its citizens. On the day that you last testified

before this subcommittee, the U.S. Conference of Mayors released a study that showed cities were spending an additional $70 million per week in personnel costs alone, to keep up with the demands of increased domestic security. I know that you have heard similar complaints from private industry.

Shouldn't the Department be providing the resources to pay for heightened security, rather than lowering threat levels to avoid providing these resources?

Answer. While the supplemental provided limited assistance with Operation Liberty Shield, The Administration as a general rule is not planning to reimburse costs associated with changing the threat level. However, we are making resources available (ODP etc.) to enhance their permanent capabilities to respond to increased threat. The President's budget requested $462 million for vulnerability reduction efforts under the Assistant Secretary for Infrastructure Protection. Part of that mission will take into account the consequences of loss, vulnerability to terrorism, likelihood of success by terrorists, terrorist capabilities, and threat assessments to determine the relative risk to critical infrastructure and key assets. Specifically, DHS has begun implementation of a plan to reduce the vulnerabilities of high value/high probability of success terrorist targets within the United States.

FIRE GRANTS AND FIRST RESPONDER FUNDING

Question. Mr. Secretary, FEMA—in conjunction with the National Fire Protection Association—released a study on January 22, 2002, entitled "A Needs Assessment of the U.S. Fire Service" which reported that only 13 percent of our Nation's fire departments are prepared handle a chemical or biological attack involving 10 or more injuries. Last year, FEMA awarded $334 million in fire grants but received over 19,000 applications that requested over $2 billion.

Given the critical unmet needs of our Nation's first responders, I simply do not understand the Administration's lack of commitment to this program. In fiscal year 2002, the President refused to spend $150 million approved by the Congress for this program. For fiscal year 2003, the President proposed to eliminate all funding for the program. For fiscal year 2004 you are proposing a 33 percent reduction to the fire grants program from the 2003 enacted amount of $745 million.

Please explain to the subcommittee why the Administration does not view this program as a critical part of our strategy to secure the homeland.

Answer. The responsibilities of the fire service have expanded since 9/11 to include planning for and responding to possible terrorist attacks. However, one of our most significant concerns is that the current Assistance to Firefighters Grant Program does not emphasize these critical terrorism preparedness needs, and the allocation of specific grants is not coordinated with other State and local preparedness funds and plans. Also, States and localities have long asked for a one-stop shop for first responders grants.

This is why the fiscal year 2004 Budget consolidates fire grants in the Office for Domestic Preparedness, with no less than $500 million of the President's $3.5 billion First Responder Program allocated for fire services. In addition, State and local governments may also use their formula funds to address fire service needs. As a result, we believe fire services will actually receive higher funding under the proposed Budget. While key aspects of the current Assistance to Firefighters grant program—peer review of competitive funding proposals and direct grants to fire departments—will be retained, this shift will allow these grants to be more focused on terrorism preparedness and better integrated with other State and local funding priorities.

DRINKING WATER SYSTEM VULNERABILITY

Question. On June 12, 2002, the President signed the Public Health Security and Bioterrorism Preparedness and Response Act of 2002. That Act amended the Safe Drinking Water Act to require each community water system serving a population of greater than 3,300 persons to: conduct an assessment of the vulnerability of its system to a terrorist attack or other intentional acts intended to substantially disrupt the ability of the system to provide safe and reliable drinking water and, where necessary, develop an emergency response plan that incorporates the results of the vulnerability assessments. It also authorized grants to pay for basic security enhancements identified in the vulnerability assessments, such as fences, locks, and security cameras. Industry estimates show that the vulnerability assessments alone will cost $450 million. Security enhancements are estimated at $1.6 billion.

Has the President requested funds to help State and local governments make sure that our citizens can trust that their drinking water is safe?

Question. The President has not requested funds to pay for upgrades to water systems at risk of a terrorist attack such as intentional introduction of chemical, bio-

logical or radiological contaminants into community water systems. Why is this not a priority of the President?

Answer to SEC–107 and 108. The Department is currently in the process of working with the States to help them to assess their ability to deal with chemical, biological and radiological attacks. The Office of Domestic Preparedness, as directed by Congress, has refined the State Homeland Security Assessment and Strategy Process (SHSAS) that was originally established in fiscal year 1999 to assess threats, vulnerabilities, capabilities, and needs regarding weapons of mass destruction terrorism incidents at both the State and local levels. The fiscal year 2003 SHSAS will allow State and local jurisdictions to update their assessment data to reflect post-September 11, 2001 realities, to include potential risks to the water systems, as well as to identify progress on the priorities outlined in their initial strategies. The refined process will also serve as a planning tool for State and local jurisdictions, and will assist ODP and its partners in allocating Federal resources for homeland security.

SUPPORT TEAMS

Question. The National Guard has thirty-two Weapons of Mass Destruction (WMD) Civil Support Teams prepared to deploy rapidly to assist a locality in responding to a chemical, biological or nuclear attack. Each of these teams has been certified as fully ready to assist civil authorities respond to a domestic weapon of mass destruction incident, and possesses the requisite skills, training and equipment to be proficient in all mission requirements.

The 2002 Defense Authorization Act requires DOD to establish 23 more teams, with at least one team in each State. I was surprised to learn that the President requested no funding in his fiscal year 2004 budget to implement this requirement.

The following States represented by Members of this Subcommittee do not have WMD Civil Support teams: Mississippi, New Hampshire, Maryland, Vermont, and Wisconsin.

Mr. Secretary, can you explain why the President did not request any funds for equipping and training National Guard units to help our local first responders cope with a terrorist attack here in America? Were any of these units sent to the Persian Gulf?

Answer. We did not participate in the National Guard's fiscal year 2004 budget development process and am not aware of National Guard Weapons of Mass Destruction (WMD) Civil Support Teams that may have deployed to the Persian Gulf.

COMPUTER ASSISTED PASSENGER PRE-SCREENING SYSTEM II (CAPPS II)

Question. Included in the Transportation Security Administration's budget request is $35 million for a new passenger screening program known as the Computer Assisted Passenger Pre-Screening System II (CAPPS II). This new system is designed to enhance airline passenger safety by mining commercial databases of personal information, and using "pattern analysis" to predict which passengers might engage in terrorist activities. The TSA will assign each passenger a risk level of green, yellow or red, and will use that determination to prevent certain passengers from boarding the plane.

Congress built a number of safeguards into the Homeland Security Act to protect against privacy invasions. But to date, the Department has not made any information about development of the system available to the public, nor has it confirmed that it will publish guidelines for the program.

Despite the fact that your agency has not yet published rules or guidelines for the development of the CAPPS II system, the Department has gone ahead and issued a preliminary contract for the development of CAPPS II. When will you issue the guidelines and procedures by which CAPPS II will operate?

Answer. TSA has issued a proposed Privacy Act notice (January 15, 2003), which contains guidelines and requirements for the records system that will support CAPPS II. This proposed notice is now being reviewed to address the many comments received from the public. A final notice will be published in the near future. This final notice will reflect the input we have received from members of the public, as well as privacy advocacy groups and stakeholders.

TSA will establish guidelines for CAPPS II before it becomes fully operational. These guidelines will undergo thorough review at several levels within TSA and the Department before being finalized.

Question. I was pleased to see that you filled the Privacy Officer position at the Department. It is important that the proper institutional oversight be in place before moving forward with systems such as CAPPS II. Will the Privacy Officer at the Department formally review the proposed CAPPS II guidelines before they are final-

ized? Will the appropriate Congressional committees be given an opportunity to review the proposed CAPPS II guidelines before they are finalized?

Answer. TSA has issued a proposed Privacy Act notice (January 15, 2003), which contains guidelines and requirements for the records system that will support CAPPS II. This proposed notice is now being reviewed to address the many comments received from the public. A final notice will be published in the near future. This final notice will reflect the input we have received from members of the public, as well as privacy advocacy groups and stakeholders.

TSA will establish guidelines for CAPPS II before it becomes fully operational. These guidelines will undergo thorough review at several levels within TSA and the Department before being finalized. The Chief Privacy Officer of DHS has already begun her review of the system and will remain an active participant throughout the developmental and operational stages. Naturally, the proposed guidelines will be submitted to the appropriate Congressional committees for review and comment.

BORDER SECURITY—GAPS IN SCREENING ENTRANTS INTO THE UNITED STATES

Question. Last year the Senate Finance Committee tasked the General Accounting Office with sending agents out to try to enter the United States from Canada, Mexico, and Jamaica using false names and counterfeit identification documents. In short, in each instance, those GAO officials succeeded in using these fake documents to enter the United States. On at least one occasion they were not even stopped as they crossed over at one port-of-entry.

The results of this exercise led the General Accounting Office to conclude that (1) people who enter the United States are not always asked to present identification, (2) security to prevent unauthorized persons from entering the United States from Canada from at least one location is inadequate and (3) inspectors from the former INS are not readily capable of detecting counterfeit identification documents.

Mr. Secretary, do the results of this exercise trouble you? Will the modest increases you have proposed in the number of border enforcement and inspection personnel rectify these gaps or do you need to change your Department's procedures and training requirements?

Answer. The results of the General Accounting Office (GAO) exercise have to be regarded in the appropriate context. Under law, U.S. citizens are not required to present any travel document or other identification when reentering the United States from anywhere in the Western Hemisphere other than Cuba. Similarly, citizens of Canada are not required under law to present any travel document or other identification when entering the United States from Canada. In each of these scenarios, a BCBP Inspector may accept a verbal declaration of citizenship and may admit the declarant to the United States if they are satisfied that he or she is indeed a United States or Canadian citizen. Especially at our land border Ports-of-Entry (POEs), Bureau of Customs and Border Protection (BCBP) Inspectors have very little time to determine whether or not to select a traveler for more intense scrutiny. In a matter of seconds they are required to examine the individuals, their documents, and their conveyances and determine whether their declaration of citizenship and their customs declaration appear accurate or require further examination.

In the case of the GAO exercise, it was quickly determined that the Agents were indeed United States citizens. This was clear from their appearance, their demeanor and their language. Once satisfied that the person with whom they are dealing is a U.S. citizen and that there is no indication that they are smuggling goods or people, BCBP Inspectors are required to move them quickly through the POE. Standing immigration inspection instructions mandate close scrutiny of any documentary evidence of U.S. citizenship if the Inspector suspects that a false claim to citizenship is being made. Such was not the case in this instance. Indeed, it is questionable whether the Agents' or any other U.S. citizen's presentation of counterfeit evidence of citizenship is in any way legally actionable, since citizens cannot be excluded from the United States and no documentation is required for entry.

Finally, the variety of identity documents available to United States and Canadian citizens, when one considers the number of Sates, territories and provinces and the various editions of drivers' licenses and birth certificates in circulation, is extremely large. I would be concerned that such focus on increased scrutiny of such a wide variety of documentation in the case of each and every citizen crossing the border would detract from, rather than enhance, BCBP's principal mission of identifying and interdicting terrorists and weapons of mass destruction.

Question. What steps do you intend to have the Department take to address these gaps—such as better training or more intense document scrutiny—and what additional resources do you need to do so?

Answer. I believe that this is more an issue of law and policy of national significance rather than an issue of training and resources for BCBP. While, this GAO exercise raises two principal points of focus, neither speak to the training or skills of BCBP Inspectors. The first is the issue of what documentation should be required of United States and Canadian citizens seeking to enter the United States. Citizens of these two countries, especially those residing in border areas, have enjoyed the privilege of crossing our border without a documentary requirement for centuries. While a decision to institute a documentary requirement might seem an obvious need in the current environment, it would end a practice seen as highly symbolic of the close nature of our relations with Canada.

The second issue deals with the security, integrity, and variety of civil documentation issued by our states and territories. Wide varieties of eligibility criteria exist, such that, although this documentation generally serves as valid identity documentation, it does not serve in many cases as useful or conclusive evidence of citizenship. Even if the states and territories were to provide access to their civil documentation databases to permit BCBP Inspectors to positively identify license holders, this would still not serve as proof of citizenship, since drivers' licenses are regularly issued to non-citizens and the integrity of the identity data used to secure drivers' licenses is itself suspect. We believe that the use of a single federally issued document as proof of identity and citizenship would increase the effectiveness and efficiency of POE inspections in relation to both enforcement and facilitation of movement across our borders.

We look forward to working with the Congress in analyzing and resolving these important issues.

IMMIGRATION'S "ENTRY-EXIT" VISA TRACKING SYSTEM

Question. One crucial component of ensuring our homeland security is ensuring that we as a government know which foreigners are visiting our country, why they are here, and that they depart when they are required to do so. Our existing visa tracking systems are not doing the job.

The budget before us requests $480 million for the new entry/exit visa tracking system. This is a $100 million increase over last year's level of funding. Many Members of Congress and outside experts are concerned about the lack of progress in implementing this system. It is my understanding that the Department has not yet determined what technology will be used in developing the system. Mr. Secretary, what steps are you taking to ensure that this system is on-track and can be deployed in a timely fashion? Please provide specific details as to how the newly announced U.S. VISIT program will differ from the currently planned "entry-exit" system. Also, do you plan on getting the appropriate congressional committees on board to support your proposed revisions?

Answer. I have required that the U.S.-VISIT Program conduct a review of the program to ensure that it is aligned with the mission of the department and meets the Congressional requirements. As previously stated, the U.S.-VISIT program will incorporate the requirements of the entry exit system. To date many of our systems have already been integrated and we will continue to build upon this. We will phase-out the NSEERS program but will incorporate the tools and lessons learned.

As you may be aware, the fiscal year 2003 Omnibus Appropriations Act requires that none of the funds appropriated for the U.S.-VISIT Program may be obligated until DHS submits an Expenditure Plan that (1) meets the capital planning and investment control review requirements (2) complies with Federal acquisition rules (3) is reviewed by GAO, and (4) has been approved by the Committees on Appropriations. Therefore, the DHS is closely working very diligently with the GAO and appropriate congressional committees for final release of the funds.

TREASURY FORFEITURE FUND

Question. When the Department of Homeland Security Act was passed, it was determined that the Treasury Forfeiture Fund fit the criteria for being transferred to the new Department. However, it was the policy of the Office of Management and Budget that this did not occur as it had decided that the Funds assets would be transferred to a similar fund at the Department of Justice.

Given that the major agencies transferred from the Treasury Department to Homeland Security—the former Customs Service chief among them—have contributed upwards of 70 percent of the assets in the Fund and that the Fund has been used to further law enforcement activities now to be conducted by the Department of Homeland Security, do you agree that the Treasury Fund should simply be transferred to the Justice Department? Doesn't this shortchange homeland security?

Answer. The Administration has proposed to consolidate forfeiture funds under the Department of Justice. This proposal would streamline highly duplicative administrative operations in two agencies into a single, more efficient structure. We believe that the Departments of Justice and Homeland Security will work together to ensure that DHS receives an appropriate share of the consolidated fund's assets. DHS does not have to manage the fund on a day-to-day basis to guarantee that this is the case.

PORT OF ENTRY CONSTRUCTION BACKLOG

Question. On May 14, 2002, the President signed the Enhanced Border Security Act of 2002, authorizing significant improvements in our efforts to secure our borders. However, a congressionally mandated June 2000 study of our port of entry infrastructure (primarily focused on our land border ports of entry) indicated a list of 822 projects totaling $784 million. These projects ranged from overloaded electrical outlets at facilities built in the 1930s which are not equipped to accommodate 21st computers and other technical systems to a border station in Eastman, Maine that is literally a trailer. The tragic events of 9/11—and the subsequent increase in staffing along our borders—only compounded the problem and the need.

Mr. Secretary, with the increased demands of both trade and homeland security at our Nation's borders, and the increases in staffing along our borders, why are there no funds requested in your budget for infrastructure construction at our ports of entry and along our borders?

Answer. The majority of Ports of Entry (POEs) along the northern and southern borders are owned and operated by the General Services Administration (GSA). The GSA fiscal year 2004 budget request includes $186M for POE facility improvements. In addition, the U.S.-VISIT program plan includes funding renovations and modifications at POEs in order to support the implementation of the program system. Facility plans are currently being developed to support the program.

OFFICE OF HOMELAND SECURITY

Question. Secretary Ridge, the President's budget devotes a considerable amount of attention to the new Homeland Security Department, but barely mentions its predecessor, the White House Office of Homeland Security. The only reference to the Homeland Security Office in the President's budget is to request that its appropriation be consolidated within a single White House appropriation, further isolating the Office's activities from the American public and the Congress. As Homeland Security Secretary, you must be in contact with the White House Homeland Security Office. The advisory alerts are raised and lowered in consultation with the Homeland Security Council, on which the Homeland Security advisor is a member. I understand that General John Gordon has been appointed by the President to be the new White House Homeland Security Director. This appointment will not require the confirmation of the Senate, and, if history is any guide, the White House will not permit General Gordon to testify before the Congress.

Mr. Secretary, what we must avoid is a situation where this Administration's homeland security policies are directed from within the confines of the White House, insulated from the Congress and the American public. What are the President's plans with regard to the Office of Homeland Security, and how will that Office's activities differ from what it was doing prior to the creation of a Homeland Security Department? Why is this Office still necessary now that a new Department has been created?

Answer. The Office of Homeland Security was created by the President on October 8, 2001, via Executive Order 13228 and serves as and is synonymous with the staff of the Homeland Security Council (HSC). Just as the National Security Council (NSC) was created by Congress in the same act which created the Department of Defense and the CIA, Congress established the HSC within the EOP by statute at the same time as it created the Department of Homeland Security. HSC provides advice to the President on homeland security matters, policy development and the interagency process regarding Administration policy on homeland security, including development and coordination of implementation of the national strategy to secure the United States from terrorist threats and attacks. As such, just as the NSC functions in a policy coordination and advisory role somewhat parallel to the missions of (e.g.) the Department of State, Defense and other agencies with national security missions, so the HSC functions in a policy coordination and advisory role somewhat parallel to the missions of (e.g.) the Department of Homeland Security and other agencies with homeland security missions.

MOST SIGNIFICANT VULNERABILITIES

Question. On March 27, 2003, I asked you to provide the Committee with your written assessment of the ten homeland security vulnerabilities that you are most concerned about. I thank you for responding rapidly. Your response was useful in making final decisions on the supplemental appropriations act that Congress just approved.

In your response, you noted that the threat environment is continually changing, but that you did have guidance that helped you focus your priorities. This response, which is not classified, focused on potential attacks on chemical facilities, nuclear power plants, large dams, liquid natural gas storage facilities, electric and telecommunications systems, data storage systems, transportation systems such as rail, and air transportation systems, water supplies that are vulnerable to contamination, food processing centers and petroleum handling facilities such as pipelines and ports.

The President has signed authorization bills to expand Federal investments in many of these areas such as port security and drinking water security but the President has not requested funding for those new authorizations. In fact, if you compare your vulnerability guidelines to the President's budget, there does not appear to be any correlation. Can you tell me where in the budget are the resources to cope with each of these vulnerabilities?

Answer. The President's budget requested $462 million for vulnerability reduction efforts under the Assistant Secretary for Infrastructure Protection.

STANDARD FOR RATING THE DEPARTMENT

Question. Secretary Ridge, your highest imperative as the head of the Homeland Security Department is to make sure a repeat of September 11 never happens, or if it does, to respond effectively. So in that sense, it's hard to judge your accomplishments to date.

You've listed a number of initiatives undertaken by the Homeland Security Department since its creation, but, in the end, the only way to really gauge whether the Department has been successful in its mission to protect the homeland is whether another major terrorist attack occurs in the United States. I don't want to wait to see another September 11 to determine if your Department has accomplished its mission.

What criteria can you provide this Committee for us to measure your Department's actions in protecting this Nation from terrorists? How can the Congress measure your success?

Answer. The Department is establishing, and will report as part of its fiscal year 2005 Budget request, program specific goals which will be tied to measurable performance outcomes. Also, the Department is setting up the office of Program Analysis and Evaluation within its Office of Management with a key responsibility of developing the Departments Strategic Plan and ensuring associated goal, strategies and performance measures are in place to effectively review the performance of all programs. Also, the Departments Future Years Homeland Security Program will provide proper evaluation of program priorities making sure goals and objectives are properly planned, programmed and budgeted. The fiscal year 2005 budget request will have measures for each area of responsibility. However, the ultimate measure of success will be the ability to identify, respond, and stop potential terrorist threats to our Nation.

CUSTOMS IMPORT SPECIALISTS

Question. What steps is the Department taking to increase the number of Customs trade personnel (import specialists) in the BCBP? What steps has the Department taken to ensure that Customs trade missions are not being lost in the anti-terrorism focus of the DHS?

Answer. The Bureau of Customs and Border Protection (BCBP) is actively working to fully staff field Import Specialists and other trade personnel to the maximum level funded. BCBP is ensuring "critical need" ports are adequately staffed in order to carry out the Bureau's trade responsibilities.

Although the priority mission of the BCBP is to detect and prevent terrorists and terrorist weapons from entering the United States, we have not abrogated our trade and narcotics interdiction responsibilities.

BCBP trade personnel in Headquarters and field offices continue to ensure trade functions are carried out correctly and efficiently. The changes in BCBP's primary mission have not negatively affected our ability to collect and protect the revenue, enforce trade agreements, monitor import compliance, and enforce textile quotas.

We use a risk management approach to ensure the efficient use of resources to move legitimate trade across our borders. We identify and interdict violators and merchandise in violation of importing laws, embargoes, and/or sanctions to stop predatory and unfair trade practices that threaten the United States economic stability, market competitiveness and public safety. An example of this is the President's Steel 201 initiative that BCBP is aggressively enforcing.

REMOTE VIDEO INSPECTION SYSTEM

Question. Recently, a spokesman for the Department stated that DHS plans to add an additional 90 remote video inspection system (RVIS) cameras at ports of entry along the Northern border. Currently, there are 236 surveillance systems along both the Northern and Southern borders. A number of frontline Customs inspectional personnel have stated that on more than one occasion these RVIS systems are down or are unable to identify persons or automobiles crossing the border into the United States. Is it in the best interest of homeland security to replace people at these often remote locations and increase the use of video entry technology that, according to a January 2002 Treasury Department Inspector General report, often fails because of severe weather and software problems?

Answer. It is not in the best interest of homeland security to replace people at these often-remote locations. That is one of the reasons that on October 31, 2002, Commissioner Bonner approved a recommendation by the Office of Field Operations to terminate the RVIS program and incorporate the existing RVIS equipment into the Northern Border Security Project. The North Atlantic CMC issued a notice to the public indicating that the RVIS ports would be closed as of March 15, 2003.

PENDING SENATE LEGISLATION

Question. At least two bipartisan bills (S. 6 and S. 539) calling for, among other things, an increase over time in BCBP staffing by 1,000 have been introduced in the Senate. Is the Department aware of these bills? If so, what position has the Department taken on them—specifically in regard to the intended increase in staffing?

Answer. Review of the port security assessments completed to date has yielded valuable preliminary information regarding security enhancement requirements. These assessments have identified a number of physical security enhancements that were either non-existent or needed improvement, such as fencing, lighting, and closed circuit television systems. Other common recommendations included: standards for transportation worker identifications systems, security plans, communications systems, and screening equipment standards for cargo and passengers.

WATCH LISTS

Question. What specific steps will the Department be taking—either individually or in conjunction with the Defense Department and the Central Intelligence Agency—to address the concerns highlighted in the recently released General Accounting Office report (03–322)?

Answer. The GAO is correct in its assessment that the government's approach to using watch lists is decentralized because the lists were developed in response to individual agencies unique missions. Those historical missions include the duties of the law enforcement and intelligence communities, and now include the mission to defend the homeland. The effort to consolidate and establish the connectivity of information contained in historical databases, from which watch lists may be generated, requires close coordination among my Information Analysis and Infrastructure Protection Directorate, several other Departments, and the Terrorism Threat Integration Center. Discussions among the interested parties to effect the sharing and consolidation of information are ongoing, and all parties are working to establish a timeframe for implementation.

FOIA

Question. During the budget hearing before this Senate subcommittee, Secretary Ridge assured the members of the subcommittee that FOIA requests would not be processed only by the single "Program Manager" assigned to reviewing information marked as "critical infrastructure information". Rather, Secretary Ridge indicated that a team of personnel within the Department would share this responsibility. Please identify the line items within the 2004 budget request that support processing critical information submissions and the FTEs that will be assigned to this activity?

Answer. To the extent that the question inquires about the funding levels and personnel that will be required to support the Critical Infrastructure Information

Program contemplated by Subtitle B of Title II of the Homeland Security Act of 2002 (the Act), such information is not yet available. The Department of Homeland Security is presently developing the rules and procedures for the CII Program, to be administered by the Information Analysis and Infrastructure Protection Directorate, which will govern the receipt, care, and storage of voluntarily submitted CII protected under the Act. At the present time, specific staffing levels for the CII Program have not been established.

However, to the extent that the question proceeds from an apparent understanding that the CII Program Officer will have primary responsibility to process requests submitted to the Department pursuant to the Freedom of Information Act (FOIA), it should be clarified that this will not be the case. Rather, FOIA requests submitted to DHS will be received and processed in the first instance by the Department's FOIA Office in the Management Directorate, which will direct the requests to the attention of the office(s) in the Department that may possess responsive materials. Thus, only in the event that a FOIA request seeks information or materials that may be in the possession of the CII Program, will the request be forwarded to the CII Program Officer.

Thus, the FOIA Office and functions will be entirely distinct from the CII Program Office. With respect to the budget and staff needs anticipated for FOIA-related activities, the FOIA Office will be administered by a single director who will receive support at Headquarters from contractors. In addition, each DHS Directorate will have its own assistant FOIA Officer and FOIA specialist who will support the DHS FOIA Officer. This staffing plan will encompass approximately 24 FTEs.

OFFICE FOR DOMESTIC PREPAREDNESS

Question. Congress appropriated $1.5 billion to the Office of Domestic Preparedness for grants to States in the fiscal year 2003 supplemental appropriations bill. These funds are subject to the small State minimum, as required in Section 1014 of the USA PATRIOT Act. Please explain how the remaining funds will be distributed to States?

Answer. As authorized by Congress in the USA Patriot Act, allocations for the fiscal year 2003 supplemental appropriations bill were determined using a base amount of .75 percent of the total allocation for the states (including the District of Columbia and the Commonwealth of Puerto Rico) and .25 percent of the total allocation for the U.S. territories, with the balance of funds being distributed on a population-share basis.

FIRST RESPONDERS

Question. On April 30, 2003, Secretary Ridge was quoted in USA Today as saying that if Congress approves the Administration's fiscal year 2004 request of $3.5 billion for first responders, nearly $9 billion will have been made available to the States and locals since September 11, 2001. Please provide the Committee with an explanation of this statement by listing the various appropriations that sum to the $9 billion the Secretary referred to.

Answer This amount includes the following: $5.010 billion for terrorism and emergency preparedness grant programs within Emergency Preparedness & Response/FEMA ($710 million), the Office for Domestic Preparedness ($3.881 billion), and the Department of Justice ($419 million not including COPS and block grant programs). $2.923 billion in public health preparedness funds through HHS and DHS $1.110 billion in Assistance to Firefighters Grants, which are not currently focused on terrorism preparedness.

FUNDING FOR DEPARTMENTAL MANAGEMENT

Question. According to budget documents presented by the Department, the fiscal year 2003 estimate for the Departmental Management account is $379 million, however using authority granted in section 3 of Public Law 107–294, the Congress has only approved the transfer of $125 million for this activity. Is the obligation of these additional funds for Departmental Management consistent with section 1511(d)(1) of the law, which requires that funds transferred to the new Department be used only for the purposes for which they were originally made available?

Answer. Public Law 107–294 gives DHS the authority, subject to Congressional notification, to transfer up to $140 million in unobligated balances from component agencies to fund needs associated with setting up the new department. Currently, DHS has transferred only $125 million of these unobligated balances, as cited above. To maintain 3-year comparability in the President's budget, however, additional funds were shown in the Departmental Management Operating Expenses account to represent the consolidation of managerial activities at the headquarters level and

the savings associated with centralizing these functions in the new Department. The reallocation was made for budget presentation purposes only, with no loss of funding actually occurring in fiscal year 2003. DHS does not plan to transfer more than the authorized $140 million in unobligated balances, and has not yet decided whether it will require the additional $15 million not yet transferred.

Question. Has the Department required the various component agencies to transfer any funds to the Departmental Management account? Please identify each of the accounts and amounts transferred to Departmental Management and identify the authority for the transfer. Please identify any requirements in bill and report language for funds transferred to Departmental Management, other than those transferred pursuant to section 3 of Public Law 107–294.

Answer.

Agency	Authority	Trf. From	Trf. To	Dollar Amt	
Dept. of Justice	Public Law 107–294	15 03 0129	70 03 0100	$1,188,938	Departmental Management Operating Expenses
Dept. of Transportation	Public Law 107–294	69 03 0102	70 03 0100	251,493	Departmental Management Operating Expenses
Dept. of Energy	Law 107–294	89 X 00228	70 X 0100	1,019,786	Departmental Management Operating Expenses
EOP	Public Law 107–296 Section 1516.	11 X 0038	70 X 0100	3,746,000	Departmental Management Operating Expenses
EOP	Public Law 107–294	11 X 0500	70 X 0100	78,394,217	Departmental Management Operating Expenses
FEMA	Public Law 107–294	58 03 0100	70 03 0100	10,000,000	Departmental Management Operating Expenses
FEMA	Public Law 107–294	58 03 0101	70 03 0100	2,000,000	Departmental Management Operating Expenses
FEMA	Public Law 107–294	58 X 0104	70 X 0100	18,000,000	Departmental Management Operating Expenses
GSA–FPS	Public Law 107–294	47 X 4542	70 X 0100	1,396,500	Departmental Management Operating Expenses
HHS	Public Law 107–294	75 03 0140	70 03 0100	1,584,000	Departmental Management Operating Expenses
HHS	Public Law 107–294	75 03 0600	70 03 0100	583,000	Operating Management Operating Expenses
HHS	Public Law 107–294	75 03 0885	70 03 0100	583,000	Operating Management Operating Expenses
Subtotal, Operating Management Operating Expenses				118,746,934	
Dept. of Justice	Public Law 107–296 Section 1516.	15 0304 013	70 0304 0102	16,889,500	Dept-Wide Tech Invest
Dept. of Justice	Public Law 107–296 Section 1516.	15 X 4526	70 X 4640	68,000,000	WCF
Treas. Counterterrorism Fund	Public Law 107–296 Section 1516.	20 X 0117	70 X 0101	72,654,803	Counterterrorism Fund

Question. Please describe the limitations under current laws and regulations for former employees of the Department of Homeland Security for lobbying the Department of Homeland Security and the Office of Homeland Security.

Please describe the limitations under current laws and regulations for former employees of the Office of Homeland Security for lobbying the Department of Homeland Security and the Office of Homeland Security.

Answer. Post-Government-service employment restrictions are established by statute. 18 U.S.C. § 207 establishes limitations on communications to the Government by former employees. The Director, U.S. Office of Government Ethics, recently published for comment definitive regulations that will implement this statute as it is applied to recent retirees. See 68 Fed. Reg. 15,385 (3/31/03).

41 U.S.C. § 423(d), a provision of the Procurement Integrity Act, bars certain officials who took certain actions or filled certain roles in relation to large procurements from accepting compensation from the contractor that was awarded the resulting contract for 1 year following taking the specified action regarding or leaving the enumerated position in the procurement. This statute does not bar a former employee's contacts with the U.S. Government. However, the procurement that underlies the prohibition would constitute a particular matter involving specific parties, and communications to the Government in connection with it would, most likely, violate 18 U.S.C. § 207.

18 U.S.C. § 207 provides:

—(a)(1) Communication restriction that applies to all former employees

—Permanent bar for a former employee to serve as another's representative before the Executive Branch, Federal courts, or the District of Columbia in connection with a case, contract, application, proceeding, controversy or other "particular matter" involving specific parties in which he or she participated personally and substantially as a Government employee.

—The representation restricted includes not only acting as another's agent or attorney, but also any kind of communication made with the intent to influence the United States. This includes promotional and procurement-related contacts.

—(a)(2) Communication restriction that applies to former supervisors

—Two-year bar for a former employee to serve as another's representative before the Executive Branch, Federal courts, or the District of Columbia in connection with a case, contract, application, proceeding, controversy or other "particular matter" involving specific parties that was actually pending under his or her official responsibility during the last 1 year of his or her Government service.

—(b) Restriction that applies to all employees involved in trade or treaty negotiations

—One-year bar for a former employee to aid, advise, or represent another on the basis of "covered information" concerning any ongoing trade or treaty negotiation in which he or she had participated personally and substantially during the last year of his or her Government service.

—(c) Communication restriction that applies to former "senior" employees

—One-year bar for a former senior employee to knowingly make, with the intent to influence, any communication to or appearance before an employee of a department or agency in which he or she served in any capacity during the last 1 year of his or her Government service.

—A "senior employee" for these purposes is, among others: one employed at a rate of pay specified in or fixed under the Executive Schedule (5 U.S.C. Part III, Subpart D, Chapter 53, Subchapter II) (5 U.S.C. § 5311–18); and one employed in a position not otherwise specified in the statute for which the basic rate of pay, exclusive of any locality-based pay adjustment, is equal to or greater than the rate of basic pay payable for level 5 of the Senior Executive Service.

—(d) Communication restriction that applies to "very senior" employees

—One-year bar for a former very senior employee to knowingly make, with the intent to influence, any communication to or appearance before an officer or employee of a department or agency in which he or she served in a "very senior" position within a period of 1 year prior to his or her termination of service and a person appointed to a position in the Executive Branch that is listed in 5 U.S.C. §§ 5312–16 (Executive Schedule levels I through V).

—A "very senior" employee for these purposes is, among others, one who is employed in a position in the Executive Branch at a rate of pay payable for level I of the Executive Schedule (5. U.S.C. § 5312).

—(e) Restriction that applies to "senior" and "very senior" employees in relation to foreign entities

—One-year bar for any "senior" or "very senior" employee to represent before any agency or department of the United States with the intent to influence the performance of duty of a Government official a foreign entity or to aid or advise a foreign entity with the intent to influence the performance of duty of a Government official.

—(f) Special rules for detailees

—A person detailed from one agency to another agency is deemed to be an employee of both agencies.

There are a few limited exceptions to some of these restrictions, which may include representation of State or local governments, universities, hospitals, medical research, or international organizations; use of special knowledge or information or a scientific or technological nature; and testimony under oath. Former "senior" and "very senior" political appointees are allowed to make representational contacts on behalf of a candidate for Federal or State office, or on behalf of national and campaign committees or a political party.

QUESTIONS SUBMITTED BY SENATOR PATRICK J. LEAHY

FLEXIBILITY OF FIRST RESPONDER FUNDS

Question. I have joined Senator Collins as a cosponsor of a bill to provide greater flexibility for states to use homeland security grants. This legislation would allow any State to request approval to reallocate funds received through the Office of Domestic Preparedness among the four categories of equipment, training, exercises, and planning.

Do you support greater flexibility in the domestic preparedness program's guidelines for how ODP funds may be used by State and local emergency responder agencies so that they may meet the unique needs of each State to be prepared for a terrorist attack?

Answer. ODP's State Homeland Security Strategy is designed to give each state and territory one comprehensive planning document that includes all needs for response to a WMD terrorism incident, irrespective of the sources of funding. It is developed based on assessments of threats, vulnerabilities, capabilities, and needs regarding weapons of mass destruction terrorism incidents at both the state and jurisdiction levels. It serves as a blueprint for the coordination and enhancement of efforts to counter WMD incidents as well as identify related Federal, State, local, and private resources within the state. The Department strongly believes the allocation of ODP grants should be consistent with these plans. However, the Administration concurs that ODP grants should not set arbitrary limits on the amounts available for equipment, training, and exercises. This current practice is based on Congressional guidance. The fiscal year 2004 Budget proposes to give states and localities greater flexibility in this regard.

In addition, through the Wartime Supplemental Appropriations Act of 2003, ODP is providing state and local governments with additional funding to participate in the national effort to combat terrorism. The SHSGP II provides funding for First Responder Preparedness and Critical Infrastructure Protection. The funding available for the First Responder Preparedness may be used to supplement activities initiated with the state's SHSGP I funding, including: procurement of specialized emergency response and terrorism incident prevention equipment; design, development, conduct and evaluation of combating terrorism exercises; institutionalizing awareness and performance level training at the state and local level; and planning and administrative costs associated with updating and implementing the state's homeland security strategy. Under First Responder Preparedness, the state has the ability to choose how much funding should be applied to each of these four areas.

NEW GRANT PROGRAM FOR "TERRORISM ACTIVITIES"

Question. I have heard from numerous officials at the Vermont Homeland Security Unit that the Department of Homeland Security's ODP office has been working hard since Congress passed and the President signed the fiscal year 2003 Consolidated Appropriations Law to get those funds to State and local first responders as soon as possible. They find ODP staff to be informative and responsive to all their questions and requests. In fact, I have been told that the turn-around period for decisions on grant applications is no more than 15 days. I commend and thank you and your ODP staff for those efforts.

In its fiscal year 2004 request, the Homeland Security Department Office of Domestic Preparedness includes $500 million "for grants to State and local law enforcement for terrorism prevention activities." This appears to be brand new pro-

gram that is being proposed by the Administration. Please tell us what this new proposed Office of Domestic Preparedness program would do and why it is needed. How do you propose to allocate funds under this new program for state and local law enforcement if Congress agrees to fund it?

Answer. The $500 million appropriation to ODP for state and local law enforcement for terrorism preparedness and prevention activities will include: training and equipment for WMD events, support for information sharing systems, training of intelligence analysts, development and support of terrorism early warning methods, target hardening and surveillance equipment, and opposition force exercises. The precise allocation of these funds is being developed.

CITIZEN CORPS INITIATIVE

Question. The DHS budget summary states that of the $3.5 billion in assistance for the Office of Domestic Preparedness. This amount includes a $181 million request for funds to support the Citizen Corps Initiative.

Now, it is my understanding that the Citizen Corps Initiative lies under the direction of the Homeland Security Department's Emergency Preparedness and Response Directorate. Citizen Corps is a community-based initiative to involve U.S. citizens in homeland security through public education and outreach programs.

I am puzzled as to why funds for this initiative would be drawn from the Office of Domestic Preparedness—an office that has strict guidelines for exactly how State and local public safety personnel may use ODP grants to acquire specialized training and equipment necessary to prevent and respond to terrorist incidents involving weapons of mass destruction. As an Emergency Preparedness Response Directorate program, funds for the Citizen Corps should be requested under that account so that Citizen Corps funding will not reduce funds that should be reserved for our Nation's police officers, EMS and firefighters. Don't you agree?

Answer. ODP has a long-standing and close relationship with first responders across all disciplines. Pursuant to requests by state and local governments for a "one-stop-shop" for first responders, we are proposing such a shop in ODP. Therefore, the move of Citizen Corps activities to ODP is both a consolidation of Federal grant programs to first responders as well as an effective utilization of ODP's existing relationship with state and local responders.

EMERGENCY OPERATIONS CENTERS

Question. State Emergency Operations Centers are essential to coordinate a local, state, and Federal response to such grave situations as a terrorist attack. These facilities, which tie together advanced communications and monitoring equipment, can be extremely expensive. As state dedicate more resources to increase security and pay for overtime and hiring, it has become increasingly difficult for states to allocate sufficient funds to build and upgrade center. Can you tell me what plans your department has developed to try to provide funds for states to construct new E.O.C.s?

Answer. FEMA received $56 million for Emergency Operations Centers (EOCs) in supplemental fiscal year 2002 appropriations and is using a phased approach to implement this program. During Phase 1, all States were awarded $50,000 to conduct an assessment of existing EOCs. States were then invited to apply for up to $150,000 in Federal funding for physical modifications to State EOCs to accommodate secure communications equipment. The Federal funding requires a 25 percent match, for a total project cost of $200,000. In Phase 2, the remainder of the fiscal year 2002 supplemental funding will be awarded through a nationally competitive grant process to address the most immediate EOC deficiencies nationwide. States must submit applications for the competitive funding by May 17, 2003. Applications should reflect the deficiencies noted in the Phase 1 or other EOC assessments. A review panel will convene in June to review the EOC applications and to make award determinations. Eligible activities under the competitive grant program include new EOC construction and upgrades to existing EOCs.

For fiscal year 2003, FEMA received an additional $25 million for EOC grants, which will be added to the amount available under the fiscal year 2002 Phase 2 competitive EOC grants. By combining the additional fiscal year funds, States will be able to submit one application and be considered for all of the available funding (approximately $74 million).

However, this effort does not represent a permanent commitment, as state and local governments must take steps to ensure that maintenance and continued investment in these centers is adequately supported by state and local funds.

TECHNOLOGY INVESTMENT

Question. Mr. Secretary, I cannot tell you how many firms from my home state of Vermont and across the country have told me about promising technologies that will help increase security. For example, a superb company in Bellows Falls, Vermont has come up with a promising device to scan underneath vehicles and difficult-to-reach places. Many companies have faced difficulty in learning about new Request for Proposals and competing for contracts. Can you tell me about the department's plans to consolidate technology investment into a single account, like DOD does with it's research and development budget?

Answer. The Department of Homeland Security's S&T Directorate will use the services of the Technical Support Working Group to seek industry participation in needed technology development efforts and also to inform interested parties of the Department's needs. Broad Agency Announcements will also be used to solicit ideas and participation. In addition, there will be specific calls for proposals. All of these mechanisms will be announced, with information and guidance posted on the web. In addition, the S&T Directorate maintains an e-mail address of science.technology@dhs.gov for interested individuals or firms to submit ideas for consideration; these submittals are reviewed and referred to the appropriate S&T staff for consideration. Thus, although there will not be a single process or account for the Department's S&T Directorate's efforts, there will be a wide distribution of information on the Department's science and technology needs and the process to participate.

OPERATION LIBERTY SHIELD

Question. I think that many of us are confused about the division of responsibility between you and the Attorney General when it comes to our immigration laws. With the INS having been transferred to DHS, it would seem that you have primary responsibility for immigration, and you have used that responsibility in Operation Liberty Shield, among other areas. Because the Executive Office of Immigration Review has been retained within the Department of Justice, however, the Attorney General continues to assert authority over the interpretation of our immigration laws, most recently by deciding—incorrectly in my view—to reverse the Board of Immigration Appeals' decision that an 18-year old Haitian man should be released on bond, on the grounds that the decision would "encourage further surges of mass migration from Haiti." Did the Attorney General consult with you about his decision in the Haitian case?

Answer. The Department of Homeland Security referred the Board of Immigration Appeals' decision in Matter of D–J- to the Attorney General for review. On March 1, 2003, the authority of the Immigration and Naturalization Service to refer Board of Immigration Appeals decisions to the Attorney General was vested in the Secretary of Homeland Security, or in "specific officials of the Department of Homeland Security designated by the Secretary with the concurrence of the Attorney General." 8 C.F.R. 1003.1(h)(iii). In this instance, the referring official was the Under Secretary for Border and Transportation Security.

Question. Has the Attorney General consulted with you about his review of the Matter of R–A- case, involving whether a domestic violence victim should be denied asylum in the United States?

Answer. The Attorney General has not yet consulted with DHS about this case, but I anticipate that the Attorney General will consider the views of my Department before issuing a decision

Question. How is responsibility divided for issuing regulations in the area of immigration law? Who has the ultimate authority—you or the Attorney General? Are DHS and DOJ working together in the regulatory process?

Answer. Both the Secretary of Homeland Security and the Attorney General have important, and in certain areas, coextensive responsibility for issuing regulations in the area of immigration law. With the transfer of the former INS to the Department of Homeland Security, the Secretary of Homeland Security has the primary role in setting immigration policy within the Administration. However, the Homeland Security Act left the Executive Office for Immigration Review, housing the immigration courts and the Board of Immigration Appeals, in the Department of Justice. In order to achieve prompt and effective implementation of regulations by both Departments to implement the common goals of this Administration, I assure you that the two Departments will work closely together when promulgating regulations in the future.

Question. To provide a specific example, are you and the Attorney General working together on regulations to cover the conditions under which asylum can be

granted to victims of domestic violence? If so, what is the current state of your work?

Answer. The comments to the proposed regulation that was published on December 7, 2000 are currently being reviewed and considered by the Department of Homeland Security. We are working with the Department of Justice to coordinate a unified approach to this issue

Question. Under Operation Liberty Shield, asylum seekers from 33 Muslim countries who arrive in the United States are subject to automatic and unreviewable detention, with no individualized evaluation of the risk they may present. How many individuals have been detained thus far under Liberty Shield? What are the nationalities of the detained individuals?

Answer. A total of 24 asylum seekers were detained under Liberty Shield including individuals from Iraq (15), Pakistan (3), Netherlands (1), Egypt (1), Lebanon (1), Turkey (1), Iran (1), Indonesia (1). Currently there are 15 in custody: Egypt (1), Indonesia (1), Iraq (9), Netherlands (1), Pakistan (3).

[Note—the national from Netherlands was detained based on place of birth.]

Question. With the cessation of active hostilities in Iraq, when do you plan to discontinue this automatic detention policy?

Answer. The policy requiring mandatory detention of Expedited Removal cases in which credible fear has been established was disestablished contemporaneous with the Liberty Shield stand down. Detainees in custody were reviewed for appropriateness of continued detention based on standing guidance. No detainee was released until all appropriate indices checks were completed and found to be negative.

Question. Did you consult with the Attorney General about the detention policy? What was the nature of the consultations?

Answer. The Attorney General's staff helped to formulate, in a collaborative process, this and other elements of Liberty Shield.

CRITICAL INFRASTRUCTURE INFORMATION REQUIREMENTS OF THE HOMELAND SECURITY ACT

Question. Critical infrastructure information was given a broad exemption from the Freedom of Information Act in the Homeland Security Act of 2002. In accordance with that law, the Department of Homeland Security recently issued a proposed rule on the handling of critical infrastructure information.

As written, the Homeland Security Act only covers information submitted to the Department of Homeland Security itself. The proposed rule, however, would require other Federal agencies that receive critical infrastructure information to pass it along to the Department, which would then exempt the information from public disclosure. In July 2002, before the Homeland Security Act was passed, Rep. Tom Davis offered an amendment on the House floor to make all Federal agencies subject to the critical infrastructure provisions in the bill, not just the Department of Homeland Security. That amendment failed. Is the Department now attempting to achieve through rulemaking what the House of Representatives specifically rejected?

Answer. Under the statute passed by Congress, DHS has the sole responsibility to designate voluntarily provided critical infrastructure information as protected CII. Accordingly, the proposed procedures address the handling of information which is voluntarily submitted by concerned citizens. This information may indeed arrive first at an agency other than DHS, however that agency lacks the statutory authority to designate this information as protected CII. Therefore, when the submitter expressly wishes protection under the CII Act of 2002, the voluntarily submitted information shall be forwarded on to DHS (29.5(b)(1)) for review and potential protection, pursuant to DHS designation.

Question. The proposed rule states that "the Department relies upon the discretion of the submitter as to whether the volunteered information meets the definition of critical infrastructure." This language creates a loophole by which a private entity could manipulate the law by voluntarily submitting incriminating or embarrassing data that is stamped "critical infrastructure information," and thereby shielding the data from public view. If the proposed rule is promulgated as written, will the Department take any steps to prevent such a situation from occurring?

Answer. The language in the preamble to the regulatory language emphasizes the voluntary nature of the submissions. The Department is keenly aware that reliance upon a submitter's discretion may lead to abuse of that discretion. And that such abuse could severely damage the integrity of the program. The Department is therefore taking all possible measures to prevent against abusing this protection. For that reason, proposed 29.6 provides that if the CII program manager determines the information is not submitted in good faith (in accord with the Act), the information

will not be protected CII and, furthermore, the Program Manager need not even notify the submitter that the information does not qualify.

AGRICULTURE

Question. Secretary Ridge, you commented in a radio broadcast with Secretary Veneman on Monday that you believe that a livestock identification program would be "a very good initiative to undertake". I have long supported pilot projects, such as the one run by the Holstein Association in Brattleboro, Vermont, to test various methods of animal identification. Does the Department of Homeland Security, itself or in collaboration with USDA, have any plans to implement such a system? And if so, what efforts will your Department and USDA be making to help livestock producers transition to this new system? Specifically, will there be any financial assistance?

Answer. At this time the Department of Homeland Security (DHS) does not have any plans to immediately undertake a livestock identification program. With necessary studies and analyses, and should we decide to pursue such an initiative, then we would do so in close collaboration with the United States Department of Agriculture (USDA). It is too early to speculate on how the Departments of Homeland Security and Agriculture might help livestock producers transition to a livestock identification system. Some of that would depend on if it was a required or voluntary system, and many other variables. Financial assistance, if cost effective for this purpose, would be considered.

Question. The Department of Homeland Security will be taking over the Plum Island Research Facility on June 1st. Plum Island is the only location America where highly infectious diseases that could wreak havoc on our agricultural system, such as foot-and-mouth disease, are studied. Will Plum Island continue to be exclusively an agriculture research facility or do you have any plans to study non-agricultural infectious diseases at this facility? Are there any plans to change the biosafety level of this facility?

Answer. The Department, in partnership with USDA, intends to support research programs that focus on animal health research and diagnostics aimed at protecting our livestock against both natural and intentional release of foreign and exotic animal diseases. The Department has no plans to change the current research focus on foreign animal diseases, nor do we intend in the future to work on zoonotic agents at the Plum Island Animal Disease Center (PIADC). There are no plans to change the existing biosafety level of the Plum Island Facility.

Question. There have also been some serious labor issues with the contracted security force at Plum Island. Will employees of the Department of Homeland Security be taking over the function of protecting the Plum Island facility? Regardless of employment, will additional measures be taken to increase security of this facility?

The security force at the Plum Island Animal Disease Center will remain contracted. Across the country, the U.S. Government is taking measures to improve security at critical facilities. The USDA initiated security upgrades at Plum Island starting in December 2000. The USDA and Department of Homeland Security will continue to implement the security upgrades and review security policies and procedures.

NORTHERN BORDER PORTS OF ENERGY STAFFING

Question. I wrote you last month to ask about reports I have received that at two ports of entry in Vermont, and many other ports of entry along our border with Canada, there is now only one officer on duty on the overnight shift, instead of the two that have been on duty since the September 11 attacks. As I understand it, this change was implemented during the weekend after the Iraq war began and the terrorist threat level was elevated. Can you explain why this change was made generally, and why it was made at this time?

Answer. In response to the tragedies of September 11, 2001, our agency immediately began staffing all Northern Border ports of entry with a minimum of two officers at all times. This included staffing non-24 hour ports during closed hours.

Prior to 9/11, non-24 hour locations were unmanned during closed hours. We recently conducted a very thorough review and analysis of our operations at the non-24 hour Northern Border ports and have determined that one officer can safely and effectively monitor and report activity at many, but not all, of these locations during closed hours. Our review, which focused largely on officer safety, found that there were no significant events related to border intrusion and/or terrorism reported at the non-24 hour Northern Border ports during the past 19 months. The review further indicated, however, that sufficient backup at some of the locations was not readily available. As a result of our review, the policy of 1-officer staffing during

closed hours at the non-24 hour Northern Border ports was implemented on March 13, 2003, one week prior to the beginning of the war with Iraq. However, the policy was implemented only at the locations where it was determined safe to do so and sufficient backup is available.

The policy of 1-officer staffing during closed hours remains an increase to pre-9/11 staffing numbers. Furthermore, 1-officer staffing during closed hours is commensurate to threat levels based on detailed research and analysis over a significant period of time.

WATCH LISTS

Question. The Washington Post reports this morning that the GAO will release a report today that criticizes the current state of the watch lists' that nine different agencies maintain to keep track of potential terrorists and other security threats and prevent them from entering or doing harm to the United States. I assume that your Department worked with the GAO as it compiled this report, and that you have some familiarity with its findings.

Do you accept the responsibility for consolidating the numerous existing watch lists into a workable system? If so, what steps have you already taken and will you take to achieve that result?

Answer. The GAO is correct in its assessment that the government's approach to using watch lists is decentralized because the lists were developed in response to individual agencies unique missions. Those historical missions include the duties of the law enforcement and intelligence communities, and now include the mission to defend the homeland. The effort to consolidate and establish the connectivity of information contained in historical databases, from which watch lists may be generated, requires close coordination among my Information Analysis and Infrastructure Protection Directorate, several other Departments, and the Terrorism Threat Integration Center. Discussions among the interested parties to effect the sharing and consolidation of information are ongoing, and all parties are working to establish a timeframe for implementation.

QUESTIONS SUBMITTED BY SENATOR TOM HARKIN

PLUM ISLAND

Question. As you know, the President is proposing to transfer roughly half of the USDA's Plum Island's research budget to your agency. The justification given for the proposed transfer by your staff is that you want to take control of the funding for diagnostic testing that is done at Plum Island. While I have no problem with your department doing some testing development, I am very concerned about diverting critical funds that support USDA's mission as the lead agency for responding to agricultural health threats, whether they be natural or intentional.

The only agricultural health functions transferred to DHS under the Homeland Security Act were those functions related to inspecting agricultural products coming in at ports-of-entry. There was no general transfer of authority for responding generally to agricultural health problems. Statutorily, USDA remains the lead agency when it comes to responding to agricultural health emergencies whether intentional or accidental, which makes sense, because USDA is where the expertise resides, and the agency that coordinates our domestic, agricultural first responder network. I think that strategy still makes sense. But, the Administration is now asking for a change in that strategy—a strategy, I might add, that you yourself supported in testimony before the Agriculture Committee last year. Why is the Administration proposing to reopen the Homeland Security Act and transfer USDA research programs that are critical to USDA's agricultural health mission in contravention of the clear language of the Homeland Security Act that any research conducted by DHS at Plum Island would not be taken from USDA research funds? What critical research needs does you agency have that cannot be met under the Homeland Security Act as currently written? If there are such needs why not just ask for the funds that you need rather than taking them from another agency?

Answer. The Department of Homeland Security and U.S. Department of Agriculture have entered into a strategic partnership through which we can develop a focused research and development program to prevent, respond to, and recover from agroterrorism. We believe that the important work conducted by USDA scientists at PIADC must continue, and that strides in animal health research and diagnostics can serve both Departments' missions. We will work with USDA to balance research outcomes between economic security needs associated with agricultural trade and

with homeland security needs associated with prevention of malicious acts against Americans and their institutions.

AGRICULTURE QUARANTINE INSPECTION PROGRAM

Question. Mr. Ridge, my staff has been trying for some time now to set up a briefing with your agency regarding implementation of the provisions of the Homeland Security Act affecting the Agriculture Quarantine Inspection program, could you please provide your assurance that this will be scheduled as soon as possible?

Answer. BCBP Associate Commissioner, Agricultural Inspection Policy and Programs and her staff conducted a briefing scheduled on May 19, 2003, with staff members of Senate Majority Leader Bill Frist (R-Tenn), Senate Minority Leader Tom Daschle (D-SD), Speaker of the House J. Dennis Hastert (R-IL), and House Minority Leader Nancy Pelosi (D-CA). The BCBP Agricultural Inspection members are available to meet anytime to discuss the DHS Agricultural Quarantine Program.

QUESTIONS SUBMITTED BY SENATOR HERB KOHL

TOXIC SUBSTANCES—CYANIDE

Question. Secretary Ridge, cyanide and other industrial chemicals are very lethal, readily available for purchase, and can be easily made into a terror weapon. The FBI has warned law enforcement agencies nationwide that terrorists may use cyanide in a future attack. We are working on a draft bill that will simply ensure that chemicals, like cyanide, do not fall into the wrong hands.

Secretary Ridge, will you and your staff support my efforts to close this loophole quickly? We would appreciate your expertise and cooperation to get this done right and as soon as possible.

Answer. Toxic industrial materials are recognized as being potential targets of terrorist attacks as well as potential terrorist weapons. The Administration believes that legislation with respect to chemical site security is necessary, and is working with members of Congress as they consider proposals in this area.

Many industrial firms have conducted their own vulnerability assessments and have implemented enhanced security measures at their facilities to minimize the risk of terrorist attack and release of these toxic materials. It is important that we recognize enhanced protective measures may be needed, but additional measures should not unnecessarily impede the legitimate use and commerce of such materials.

CRISIS TRAINING FOR ELECTED OFFICIALS

Question. Elected officials, especially at the local level, get little training, if any on how to handle a major crisis or disaster. There are many opportunities for police and fire fighters to learn how to deal with trouble, but mayors and county officials do not get any special training when they become the final authority on disaster response in their community. Many have to learn on the job. Small community leaders in my state are unclear how they should react or prepare for potential catastrophes.

While FEMA has some exercises for top officials, will the Department of Homeland Security focus more attention on training elected officials to make the right decisions during a disaster? Will you develop a training program at the national level for mayors and county officials?

Answer. The Department of Homeland Security offers a number of training alternatives for state and local officials to improve their management of a major disaster and/or terrorist attack. Both the Emergency Preparedness and Response Directorate and the Office for Domestic Preparedness (ODP) contribute to this important role.

EP&R through its Emergency Management Institute (EMI) in Emmitsburg, MD offers a number of courses to teach these individuals how to deal with terrorism, as well as the full range of disasters and emergencies.

In addition, ODP supports direct training programs through the Domestic Preparedness Consortium, including the Center for Domestic Preparedness in Anniston, Alabama. A portion of ODP's State Homeland Security Grants may also be used by states and localities to fund rigorous training of their own choosing, provided it meets DHS-approved quality standards.

EQUIPMENT STANDARDS AND GUIDELINES

Question. Congress and the Administration are sending a lot of money out to our local communities to buy high tech equipment, including chemical and biological weapons detectors. First responders depend on these systems to make decisions and

protect property and lives, but they have no help determining whether these machines will work in a crisis, just the word of the manufacturer.

Will DHS set standards for how sensitive or reliable chemical and biological testing equipment should be? When will DHS provide guidelines to local communities so when they buy equipment they can feel confident these tools will work?

Answer. Standards are an integral component of the mission of the S&T Directorate because they provide the objective measures of homeland security systems effectiveness. Standards are a fundamental component of the cradle to grave research, development, test, evaluation and transition to service product cycle. Thus, standards for homeland security applications must be constructed in parallel with the defensive systems to establish minimum criteria for effectiveness that encompass: basic functionality, adequacy for the task, interoperability, efficiency, and sustainability. Standards development requires a detailed knowledge of the technical attributes and capabilities of the system and a comprehensive understanding of the user requirements and operating conditions. A tight coupling must be maintained between the operational users, standards, and all the technologies that comprise the system at each step in the research, development, test and evaluation process.

During the transition phase of the Department, the need for standards to address design, procurement, deployment, and use of the radiological and biological detectors was determined to be a key need. In collaboration with the National Institute of Standards and Technology (NIST), the American National Standards Institute (ANSI) and the Institute of Electrical and Electronic Engineers (IEEE), the DHS S&T transition team began development of standards for four high-priority classes of radiation detection equipment. The four classes are personal dosimeters ("pagers"), alarming hand-held detectors, hand-held isotope identifiers, and radiation portals. These standards have been released in draft form and will soon go to ballot, in accordance with ANSI process requirements for national consensus standards. A contract to develop a standard test method for hand-held bulk anthrax immunoassay kits is being prepared.

Work is also progressing in the areas of training standards and personnel certification. Additional standards needs for both detection and response are being identified as part of a systematic evaluation of capabilities versus needs for standards to support the homeland security mission related equipment, operators, models and analyses, data and information, and integrated systems.

In addition, the S&T Directorate has been working with the Oklahoma City Memorial Institute for Preventing Terrorism (MIPT) to deploy a web-based tool that will communicate directly with user communities. The user community has had a broad representation in the development of the tool. "Project Responder," with direct input from DHS, is evolving into a tool that can catalog technologies, provide links to manufacturer data, and indicate which standards apply and also the degree of compliance with DHS standards. It will also show links to appropriate training and with potential grant programs.

PROPER FUNDING LEVELS

Question. We know there is a training and equipment gap between where we are now, and what we need to have to be truly ready. We know many fire departments do not have the training to respond to a serious hazardous materials event. We know many states do not have a communications system in place that allows top leadership to talk to all the first responders in the state. After these needs are met, however, how do we know we have spent enough?

Answer. The Department is working with State and local authorities throughout the Nation to identify shortfalls and develop a plan for meeting security response standards. The Departments Future Years Homeland Security Program currently under development will help ensure that out year requirements are properly aligned and funded to maintain needed capability.

Question. Is DHS working on a system to measure the costs and benefits of additional spending? Is there a way to prove that additional spending will improve security?

Answer. The Department is evaluating all programs to ensure proper levels of funding. The Department also is setting up the office of Program Analysis and Evaluation within the Office of Management which will review, analyze, and evaluate programs, actions, or taskings to ensure adherence to DHS policies, standards and homeland security objectives, and ensure programs are designed to accommodate operational requirements and the readiness and efficiency of the DHS. One of its key jobs will also be developing the Department's Strategic Plan and ensuring associated goal, strategies and performance measures are in place to effectively review the performance of all programs. The fiscal year 2005 budget request will have

measures for each area of responsibility. Also, the Departments Future Years Homeland Security Program will provide proper evaluation of program priorities making sure goals and objectives are properly planned, programmed and budgeted. Again, the ultimate measure of success will be the ability to identify, respond, and stop potential terrorist threats to our Nation.

SUBCOMMITTEE RECESS

Senator COCHRAN. We will continue to review the fiscal year 2004 budget request for the Department of Homeland Security tomorrow morning at 10 o'clock in this same room. Our witnesses at that time will be the Director of the United States Secret Service, W. Ralph Basham, and the Commandant of the U.S. Coast Guard, Admiral Thomas H. Collins.

Until then, the subcommittee stands in recess.

[Whereupon, at 12:56 p.m., Wednesday, April 30, the subcommittee was recessed, to reconvene at 10 a.m., Thursday May 1.]

DEPARTMENT OF HOMELAND SECURITY APPROPRIATIONS FOR FISCAL YEAR 2004

THURSDAY, MAY 1, 2003

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

The subcommittee met at 10 a.m., in room SD–106, Dirksen Senate Office Building, Hon. Thad Cochran (chairman) presiding.

Present: Senators Cochran, Stevens, Byrd, and Murray.

DEPARTMENT OF HOMELAND SECURITY

U.S. SECRET SERVICE

STATEMENT OF W. RALPH BASHAM, DIRECTOR

U.S. COAST GUARD

STATEMENT OF ADMIRAL THOMAS H. COLLINS, COMMANDANT

OPENING REMARKS OF SENATOR THAD COCHRAN

Senator COCHRAN. The Subcommittee will please come to order.

Today the Subcommittee on Homeland Security of the Senate Appropriations Committee continues its hearings on the President's budget request for fiscal year 2004 for funding the Department of Homeland Security activities.

This morning we will hear from two agencies that have been transferred to the new Department, the United States Secret Service and the United States Coast Guard.

We are pleased to have as our witnesses this morning the Director of the U.S. Secret Service, W. Ralph Basham, and the Commandant of the United States Coast Guard, Admiral Thomas H. Collins.

We will begin with the Secret Service. The Secret Service was established, as we know, in 1865 with very few officers and the responsibility for preventing the circulation of counterfeit currency.

Today the Secret Service continues to curtail counterfeiting while protecting our Nation's leaders and securing America's financial infrastructure from cyber crime.

We have a copy of your written testimony, Director Basham, which we appreciate very much. It will be made a part of the record in full, and we would encourage you to summarize it or discuss the high points and make any additional comments that you think would be helpful to the Committee's understanding of the budget request for the Secret Service.

I thought we would go ahead with an opening statement and then recess the hearing because we have a vote that is scheduled on the Senate floor at 10:15. One way we could do this is to have the Commandant of the Coast Guard make an opening statement as well, if that is all right with the Admiral.

So let us proceed now with the Secret Service. You may proceed, Mr. Director.

OPENING STATEMENT OF W. RALPH BASHAM

Mr. BASHAM. Thank you, Mr. Chairman.

It is a privilege for me to be here today to represent the men and women of the United States Secret Service and our fiscal year 2004 budget request.

Our agency looks forward to forming a strong and lasting relationship with this new Subcommittee, and I deeply appreciate your willingness to allow us to be here to testify today.

We have entered a truly momentous period for the Secret Service. On March 1, 2003, as you stated, our agency was transferred from the Department of the Treasury to the Department of Homeland Security. I would like to share with this Subcommittee our vision for the future of the Secret Service and in particular the role that this agency will seek to carry out in the new Department.

MISSIONS OF THE SECRET SERVICE

The bedrock principle of the Secret Service's dual protective and investigative missions is our focus on prevention. This core philosophy is ingrained in our culture and is truly what makes the Secret Service unique among all law enforcement agencies.

Our focus on prevention began with our original mandate to suppress counterfeiting when the Secret Service adopted the goal of preventing the production of counterfeit currency before it was circulated. Today our agents are trained to detect incidents before they occur, through meticulous advance work and counter-surveillance tactics.

Threat assessments developed by our Intelligence Division identify existing dangers to officials that we protect. Our Electronic Crime Task Forces provide training to hundreds of our local law enforcement and private sector partners, aiding them in efforts to shield critical systems and networks from cyber criminals and terrorists.

We believe that our prevention-based philosophy mirrors that of the new Department. Our common goal is to anticipate and prepare, to take the necessary precautions to minimize opportunities for our adversaries, and to prevent any loss of life or the disruption of the institutions upon which we depend.

The Secret Service has already identified resources, assets, and personnel within our agency that could enhance the efforts of the new Department to achieve its homeland security objectives.

Foremost is our century-old protective mission and mandate to protect the President, the Vice President, visiting world leaders, and other key Government officials, and to coordinate security operations for events of national significance.

An equally important component of homeland security is economic security, including the protection of our currency and finan-

cial payment systems, particularly as fraudulent credit and debit cards and counterfeit checks have become prevalent in the marketplace.

We must also address the vulnerabilities in other critical infrastructures. A serious compromise of these assets ranging from telecommunication networks to energy plants to water treatment facilities could wreak havoc on our economy, law enforcement, health care providers, transportation systems, and emergency services.

The need to secure our critical infrastructure typifies an area where our agency's unique competencies and experience can contribute to the efforts of the new Department. Today, the Secret Service is already discussing with Departmental officials how our expertise can be applied to safeguarding and ensuring the continuity and reliability of physical and technology-based assets throughout our economy and our communities.

ELECTRONIC CRIMES SPECIAL AGENT PROGRAM

Let me introduce one of our special agents who is on the front lines of that effort. Special Agent Cornelius Tate is a graduate of the University of Mississippi with a degree in computer science. He is a 17-year veteran of the Secret Service. He has served in numerous protective and investigative assignments including the Presidential Protective Division. Today, Special Agent Tate is one of 180 members of our unique Electronic Crimes Special Agent Program. Our ECSAP program provides specialized training in the forensic preservation and examination of computer evidence. These ECSAP agents are truly unique, both because of their ability to provide timely, mobile, and onsite examinations, and because they can combine their technical expertise with their investigative skills and experience.

Until recently, Special Agent Tate served as a Secret Service liaison to the Computer Emergency Response Team at Carnegie Mellon University. Today he is providing critical support to the DHS initiatives to coordinate Federal and State efforts to safeguard key assets throughout the Nation such as nuclear facilities and water treatment plants from both physical and electronic terrorist attacks.

SECRET SERVICE PERSONNEL

Mr. Chairman, it has been more than three decades since I began my own Secret Service training, and as you can imagine, a lot has changed over that time. The technology revolution has forever transformed our economy, our culture, and the challenges we face in law enforcement. Our protective methodologies have become vastly more sophisticated, incorporating elements such as electronic surveillance, biometrics, and air space surveillance systems. And of course, we have the ominous and immediate threat posed by global terrorists.

But if there has been a common thread throughout the 138 years of the Secret Service's history, it is truly the unique caliber of individuals who are drawn to our agency. We have always managed to attract individuals with special backgrounds and extraordinary credentials. They join the Secret Service and they remain with our

agency because the position offers something that the private sector cannot—an opportunity to serve their country.

I would like to introduce to you one of our employees who truly embodies that spirit. Sergeant Joseph Wright is an 8-year veteran of the Secret Service Uniformed Division. He is a native of Fort Knox, Kentucky and completed his high school and college in West Virginia. He joined the United States Army as a reservist in 1987 and the Secret Service as a uniformed officer in 1995. Last year, Sergeant Wright temporarily left our agency to serve a year-long deployment with the U.S. Army Special Operations forces in Afghanistan. He was awarded the Bronze Star for his service, of which I know his three children are enormously proud.

Special Agent Tate and Sergeant Wright are members of the United States Secret Service family. Every special agent, uniformed officer, technical specialist, forensic examiner, and administrative staff member contributes to our protective and investigative missions. Our employees represent a diversity of backgrounds, experiences, and expertise, yet they share many of the same ideas and aspirations.

The character and spirit of our people is the undeniable strength of the Secret Service and defines both the history and the future of our agency.

Mr. Chairman, the men and women of the United States Secret Service stand ready to continue to protect our leaders, our infrastructure, and the American people. Our people have the skills, the experience, the training and, most important, the character to rise to any occasion. They have dedicated their careers and their lives to making America safer.

PREPARED STATEMENT

Thank you again for the opportunity to appear before you and this Subcommittee, Mr. Chairman. That concludes my statement, and I am prepared to answer any questions.

Senator COCHRAN. Thank you very much, Mr. Director.

[The statement follows:]

PREPARED STATEMENT OF W. RALPH BASHAM

Chairman Cochran, Senator Byrd, and distinguished members of this subcommittee, it is a privilege to be here today to testify on the fiscal year 2004 budget. Our agency looks forward to forming a strong and lasting relationship with this new subcommittee, and I deeply appreciate the opportunity to represent the 6,100 dedicated men and women of the Secret Service.

Let me begin by expressing my gratitude to the Members and staff of the former Subcommittee on Treasury and General Government. For years, this subcommittee was responsible for the oversight of the Secret Service, and we were tremendously fortunate to have a long line of exceptional chairmen, Senators and staff—many of whom are here today—that provided unwavering support to our agency, our mission and our personnel. The contribution of these individuals to the strength and versatility of the Secret Service today cannot be overstated, and we are grateful for their efforts and leadership.

With me today, Mr. Chairman, are C. Danny Spriggs, Deputy Director; Barbara Riggs, Chief of Staff; Paul D. Irving, Assistant Director for Homeland Security; Stephen T. Colo, Assistant Director for Administration; Keith L. Prewitt, Assistant Director for Government and Public Affairs; Patrick C. Miller, Assistant Director for Human Resources and Training; Brian K. Nagel, Assistant Director for Inspection; George D. Rogers, Assistant Director for Investigations; Donald A. Flynn, Assistant Director for Protective Operations; Carl J. Truscott, Assistant Director for Protective Research; and John J. Kelleher, Chief Counsel.

We come before you today during what is truly a momentous period for the Secret Service. For the first time in the 138 years of our existence, the Secret Service is no longer a part of the Department of the Treasury. On March 1, 2003, pursuant to the Homeland Security Act of 2002, our agency, and all of its functions and assets, were transferred to the new Department of Homeland Security. I would like to share with the subcommittee our vision for the future of the Secret Service, and in particular, the role our agency will seek to carry out in the new department, under the leadership of Secretary Ridge. This is a time of great transition and change for the Secret Service. But we recognize the magnitude of the challenge before us, and the men and women of the Secret Service stand ready to continue their extraordinary service to our country.

The bedrock principle of the Secret Service's dual protective and investigative missions is our focus on prevention. This core philosophy is prevalent throughout our agency's history. The theme of prevention is ingrained in our culture and pierces every facet of the Secret Service. It is the undercurrent of our daily investigative and protective work, and is truly what makes the Secret Service unique among all law enforcement entities.

Our focus on prevention began with our original mandate to suppress counterfeiting, when the Secret Service adopted the goal of preventing the production of counterfeit currency before it was circulated. One hundred thirty-eight years later, our field personnel continue to work closely with paper and ink manufacturers and suppliers to determine if there is any inordinate demand for the materials used to produce quality counterfeit currency.

Prevention has also become an integral part of our efforts today to work with local law enforcement, other Federal agencies, and the private sector to protect our country's critical infrastructure and financial payment systems from intrusion and compromise.

Our agents are trained to detect incidents before they occur through meticulous advance work and countersurveillance tactics. Threat assessments developed by our Intelligence Division identify existing dangers to the officials we are protecting. Our Technical Security Division analyzes and addresses any vulnerabilities in a physical security plan. Our Electronic Crime Task Forces provide training to hundreds of our local law enforcement and private sector partners, aiding them in efforts to shield critical systems and networks from cyber criminals and terrorists.

We believe that our prevention-based core philosophy mirrors that of the new department. Like our agency, the DHS must be prepared to respond to incidents and infiltration. Our common goal is to anticipate and prepare, to take the necessary steps and precautions to minimize opportunities for our adversaries, and to prevent any loss of life or the destruction or disruption of the institutions we depend on.

Following enactment of this historic reorganization legislation, the Secret Service began the process of identifying resources, assets and personnel that could enhance the efforts of the new department to achieve its homeland security objectives.

Foremost is our century-old protective mission and mandate to protect the President, the Vice President, their families, former Presidents and other key government officials, including visiting world leaders and heads of state. The Secret Service is also responsible for coordinating security at National Special Security Events, such as the 2002 Winter Olympics and the national political conventions. An equally important component of homeland security is economic security, including the protection of our currency, critical assets and financial payment systems. Since our inception 138 years ago, the goal of the Secret Service's investigative efforts has been to safeguard our financial infrastructure. Financial crimes have increasingly targeted both American industry and American consumers, as fraudulent credit and debit cards and counterfeit checks have become more prevalent in the marketplace. Even more troubling, stolen identities, false identification documents, and fraudulent credit cards have become the tools of the 21st century terrorist.

Our currency and financial payment systems are primary targets for terrorists and other criminal enterprises, yet our critical infrastructure is equally vulnerable. A serious compromise of these assets, ranging from telecommunications networks to energy plants to water treatment facilities, could wreak havoc on our economy, law enforcement, military, health care providers, transportation systems, and emergency services. Accordingly, Secretary Ridge has made critical infrastructure protection one of the highest priorities of the Department of Homeland Security.

The need to secure our critical infrastructure typifies an area where our agency's unique competencies and experience can enhance the efforts of the new department. Today, the Secret Service is already discussing with DHS officials how our expertise can be applied to safeguarding and ensuring the continuity and reliability of physical and technology-based assets throughout our economy and our communities.

Reflective of the evolving nature of our mission, critical infrastructure protection has become a vital component of our protective methodology in recent years. Advances in technology and the world's reliance on interdependent network systems have demonstrated that we can no longer rely solely on human resources and physical barriers in designing a security plan; we must also address the role and inherent vulnerabilities of critical infrastructures upon which security plans are built. That is why the Secret Service has specialists, stationed in our field offices across the country, who have the experience and expertise to secure critical infrastructures that encompass information technology, telecommunications, emergency services, and other essential networks.

Over time, these skilled personnel in our field offices have built partnerships with the municipalities, private companies, and local law enforcement agencies in the cities and regions we serve. On subjects ranging from physical security to threat assessment to forensic analysis, the Secret Service endeavors to share with our local law enforcement and private industry partners the prevention-based expertise we have developed during the course of our protective and investigative missions. This is clearly evident in the area of critical infrastructure protection and our efforts to aid local governments and private companies in assessing the vulnerabilities of their networks to prevent disruption and compromise. It is also reflected in our affiliation with Carnegie Mellon's Computer Emergency Response Team Coordination Center which focuses on insiders who attack critical information systems.

Within the Department of Homeland Security, the Secret Service is currently assisting the Directorate of Information Analysis and Infrastructure Protection with its mandate to complete vulnerability assessments of identified assets and to develop a comprehensive plan for securing key resources and critical infrastructure, including power production and distribution systems, electronic and financial transmission systems, emergency communications systems, and physical and technical networks that support such systems. We continue to work closely with the Department and are discussing options for further expanding the role of the Secret Service in safeguarding these critical assets.

Mr. Chairman, it has been more than three decades since I began my own Secret Service training. As you can imagine, much has changed for the Secret Service during that time. The technology revolution has forever transformed our economy, our culture, and the challenges we face in law enforcement. Our protective methodologies have become vastly more sophisticated, incorporating elements such as electronic surveillance, biometrics, airspace surveillance systems, and chemical/biological/hazardous material detectors. And, of course, we have the ominous and immediate threat posed by global terrorists, who have demonstrated their zeal to destroy our most cherished symbols and institutions and to harm an infinite number of Americans.

During my initial weeks as Director, I have spent considerable time introducing myself to our employees, both here in Washington and in our field offices. And as I have had the opportunity to reacquaint myself with the men and women of this agency and learn more about their backgrounds, their training, and their experience, I am reminded of the adage that the more things change, the more they stay the same.

If there has been a common thread throughout the 138 years of the Secret Service's history, it is the truly unique caliber of individuals who are drawn to our agency. We have always managed to attract individuals with special backgrounds and extraordinary credentials.

They join the Secret Service, and remain with our agency, because their position offers something that the private sector cannot—an opportunity to serve their country. An opportunity to protect their nation's highest elected leaders. An opportunity to protect their families, their friends, and their communities.

For these men and women, it is more than an opportunity. It is a calling.

The Secret Service is a family. Every special agent, uniformed officer, technical specialist, forensic examiner and administrative staff member contributes to our protective and investigative missions. Our employees represent a diversity of backgrounds, experiences and expertise, yet they share many ideals and aspirations. The character and spirit of our people is the undeniable strength of the Secret Service, and defines both the history and the future of our agency.

FISCAL YEAR 2004 APPROPRIATION REQUEST

The Service's fiscal year 2004 funding request totals $1,123,951,000 and 6,066 full-time equivalents (FTE), and includes funding for two accounts: the Operating Expenses account, and the Capital Acquisitions account.

OPERATING EXPENSES

The Secret Service's Operating Expenses appropriation request for fiscal year 2004 totals $1,120,372,000 and 6,066 FTE, a decrease of 45 FTE from this fiscal year's staffing level. The funding increases proposed in this budget include: $54,056,000 needed to maintain current program performance levels, and cover base pay and benefits annualization costs; an additional $31,881,000 for the protective effort surrounding the 2004 presidential campaign, and $33,000,000 for processing of mail going to the White House. These increases are offset by a $9,000,000 reduction in the base budget reflective of our reorganization into the Department of Homeland Security, and anticipated consolidation savings from integration with Department-wide processes and operations.

CAPITAL ACQUISITIONS

The Secret Service's fiscal year 2004 request for its Capital Acquisitions account totals $3,579,000, an increase of $83,000 over the level appropriated for this fiscal year. This increase is needed to maintain current program performance levels. There are no programmatic changes or initiatives proposed for this account.

INVESTIGATIVE PROGRAM

Since 1865, the Secret Service has been safeguarding our currency and financial infrastructure, pre-dating our mission to protect the President by nearly four decades. Securing our financial and critical infrastructures and ensuring the strength and stability of our economy, are central tenets of homeland security. Our investigative mission is accomplished through our vast network of field offices, including 134 throughout the United States and 20 additional offices overseas. Our field offices have developed strong, information-sharing partnerships with the multitude of local police organizations and private companies they work with on a daily basis. These field offices are leading criminal investigations and task force initiatives, but they are also resources for the communities they are serving.

COMPUTER CRIME

For the last twenty years, the Secret Service has been a leader of Federal law enforcement efforts to investigate electronic crimes—an authority that was reaffirmed by Congress in the USA Patriot Act of 2001. As with our protective mission, we continue to focus on preventative measures to shield the American people and our essential networks from terrorists, cyber criminals, and other attackers. We have committed ourselves as an agency to developing new tools to combat the growth of cyber terrorism, financial crime and computer fraud.

The Secret Service's highly-regarded Electronic Crimes Special Agent Program (ECSAP) provides specialized training to select agents in all areas of electronic crimes, and qualifies these personnel as experts in the forensic examination and preservation of electronic evidence and in the protection of critical infrastructure. ECSAP agents are also trained to examine the variety of devices used in many criminal enterprises, including credit card generators, electronic organizers, scanners, computer hard drives, and devices manufactured or reconfigured to intercept or duplicate telecommunications services.

The ECSAP program consists of 180 agents stationed today throughout the country. They have become invaluable specialists, both for our own investigations as well as for our local and Federal law enforcement partners. From June 1, 2001 through June 1, 2002, ECSAP agents completed over 1,400 forensic examinations on computer and telecommunications equipment. The nationwide demand among our local law enforcement and private sector partners for investigative or prevention-based assistance from our ECSAP agents is overwhelming, and we are striving to expand this program and training within our agency's existing resource levels.

Another important component of our strategy to secure our financial and critical infrastructure is the development of the Secret Service's electronic crime task forces. Several years ago, the Secret Service recognized the need for law enforcement, private industry and academia to pool their resources and expertise as part of a collaborative effort to investigate and prevent electronic crimes and protect our nation's critical infrastructure. In New York alone, our task force is comprised of over 300 individual members, including 50 different Federal, state, and local law enforcement agencies, 250 private companies and 18 universities. This task force has made 961 state and locally-prosecuted arrests and investigated an estimated $960 million in actual and potential losses due to fraud.

The USA Patriot Act of 2001 authorized our agency to extend these task forces to cities and regions across the country. Last year, we launched the initial phase

of this expansion, developing task forces in locations with significant or specialized interests in the financial, banking or critical information sectors, including Los Angeles, San Francisco, Las Vegas, Chicago, Charlotte, Miami, Boston, and Washington, D.C. We have received strong and enthusiastic support for this program from the scores of local law enforcement agencies we work with, as well as our private sector partners, who are all excited about the potential of this exciting new endeavor. These task forces represent a potential means of extending the preventative mission so imperative to homeland security to communities across the country.

Based on our experience, the first line of defense in combating cyber crime is often an agent or officer who is trained in methods of preserving and securing evidence at electronic crime scenes. In recognition of the time sensitivities associated with computer crime, the importance of properly seizing computer-related evidence, and the increasing complexity of cyber-related crime, we continue to see the value in promoting partnerships and training. In the course of investigating electronic crime and developing strategies in search of the best formula, we have found prevention, collaboration, information sharing and timely response to be essential factors in the equation.

Consequently, the Secret Service, in cooperation with the International Association of Chiefs of Police (IACP), recently introduced the Forward Edge training package. Forward Edge utilizes state-of-the-art computer training designed for all law enforcement and provides instruction with regard to securing electronic crime scenes and safely seizing computer-related evidence. Forward Edge includes an 8-hour CD–ROM, utilizing a three-dimensional, interactive training format, to provide the officer or agent with different scenarios involving identity theft, financial crimes, network intrusion, credit card fraud, counterfeiting, data theft and other computer-related crimes. The CD–ROM also provides a field guide that contains practical information, such as an inventory of local computer crime statutes for every state jurisdiction, along with sample search warrants pertaining to the seizure and safe handling of computer-related evidence, drugs and weapons. Each scenario guides the trainee through crime scenes and enables him/her to interact with objects, individuals and situations they may encounter in real life. In fiscal year 2002, the Secret Service completed distribution of 20,000 copies of Forward Edge to local, state and Federal law enforcement agencies.

COUNTERFEITING

Despite the inclusion of enhanced security features in the most recent designs of our currency, counterfeiters continue to take advantage of the latest digital technology to produce reasonably deceptive counterfeit notes. Desktop printers, color copiers, scanners and graphics software provide relatively unskilled counterfeiters with the basic tools to quickly and easily produce counterfeit United States and foreign currency, securities, bonds, checks and other obligations.

Counterfeit currency produced using digital technology, such as computer printers and copiers, accounted for an estimated 39 percent of counterfeit notes passed on the American public in fiscal year 2002. The balance of notes passed in the United States were manufactured using traditional offset printing methods. Despite the fact that digitally-produced counterfeit currency accounted for just over one-third of domestic passing activity, this type of counterfeiting resulted in 86 percent of domestic counterfeit arrests and 95 percent of domestic counterfeit printing operations suppressed by the Secret Service.

Digital counterfeiting presents a continuing challenge to law enforcement due to the widespread availability, ease of operation, and mobility of personal computers. The privacy and convenience of personal computer systems encourages experimentation, and permits the printing of counterfeit currency with considerably less risk and expense than traditional printing methods.

The Secret Service has long believed that the best tool in the fight against the proliferation of counterfeit currency is an educated public. Just as we practice prevention in our protective mission, our proactive approach to investigations is hinged upon the education and training seminars provided to business owners, retail groups, the financial industry, and state and local law enforcement. These counterfeit currency detection seminars provide key sectors of our public with the information they need to effectively protect themselves and their businesses from becoming victims of counterfeiters. In addition to providing training and education, the Secret Service publishes and distributes public education brochures describing the security features used to authenticate genuine currency.

From an international perspective, the Secret Service continues to send instructors to the International Law Enforcement Academies (ILEA), where we provide training to foreign police representatives in the detection of counterfeit U.S. cur-

rency and offer information on strategies useful in investigations of counterfeiting. Last year, the Secret Service offered currency identification training to law enforcement and banking officials from 47 countries.

Our continued presence overseas and the training provided through the ILEAs is paramount in our ongoing efforts to suppress and seize the increasing amount of foreign-produced counterfeit U.S. currency being sold, shipped and trafficked throughout the world. The Secret Service estimates that nearly 50 percent of all counterfeit U.S. currency passed domestically originates overseas. As the continued suppression of counterfeit printing operations and seizures of counterfeit currency in Colombia indicate, that country remains the leading producer of counterfeit U.S. currency in the world. The Secret Service maintains a permanent presence in Colombia through our office in Bogotä. While lacking law enforcement authority overseas, we work closely in an investigative liaison capacity with law enforcement, prosecutors and government officials throughout the region. These efforts include providing training and investigative support aimed at suppression, seizure, deterrence, education, and intelligence-gathering regarding the organized criminal networks involved in transnational counterfeiting. The culmination of these efforts is apparent in the achievements of "Plan Colombia."

Since its inception in May of 2001, Plan Colombia has enjoyed tremendous success. As of last December, the combined efforts of our agents working in cooperation with the Colombian government have resulted in 109 arrests, 26 plant suppressions and over $92 million in counterfeit U.S. dollars seized in Colombia prior to distribution. Accordingly, in fiscal year 2002, there was a 22 percent decrease in Colombian-manufactured counterfeit U.S. dollars passed on the American public from the previous year.

Increasingly, Colombian counterfeiters have targeted "dollarized" economies. In December of 2001, the Secret Service and Colombian authorities intercepted a package of over $40 million in counterfeit U.S. dollars intended for distribution in Ecuador, which had previously adopted the U.S. dollar as its own currency. In July of 2002, the Colombian authorities, in cooperation with our own personnel, seized the first counterfeit $1 coin (Sacagawea or "Golden Dollar") production operation in Bogotä. As of January, 2003, three additional counterfeit $1 coin plants had been suppressed in Colombia. In each case, the seized coins were intended for shipment and distribution in Ecuador where, according to the Federal Reserve, there are approximately $10 million in genuine $1 coins in circulation.

Counterfeiters are keenly aware that the public, banks, and law enforcement in these dollarized countries are less familiar with counterfeit U.S. currency, and the punishment for smuggling, possessing, and passing counterfeit U.S. currency is generally far less than in the United States. Each of these factors decrease risk, lower costs, and thereby increases profits for the counterfeiter. Therefore, a continued Secret Service presence in this region is vital to maintaining both economic stability in these countries and confidence in the U.S. dollar.

In August of 2002, the Secret Service and the Colombian National Police jointly hosted the "International Conference on Counterfeit U.S. Dollars—Production, Distribution, and Criminal Prosecution" in Bogotä. The conference was attended by senior law enforcement officials and prosecutors from sixteen North, Central and South American countries, as well as representatives from Spain, Turkey, EUROPOL, and the Southern European Cooperative Initiative. This historic conference served to improve coordination, build new relationships, and enhance existing efforts within the international law enforcement community. The conference was yet another example of our emphasis on building and maintaining partnerships with foreign law enforcement officials; in this case with a focus on the production, distribution and trafficking of counterfeit U.S. currency.

IDENTITY THEFT

It remains an investigative priority of the Secret Service to promote a public education program and work with law enforcement at all levels in preventing identity theft. Public awareness constitutes our best defense against identity theft and provides guidance to consumers on how they can effectively safeguard their private information. A stolen identity can provide a criminal with the tools and information necessary to establish good credit and obtain things of value through illicit means. Personal information can be used to establish bank accounts, obtain credit or debit cards, or gain unauthorized access to financial accounts or other sources of capital. Not surprisingly, most financial crimes, including bank fraud and credit card fraud, involve identity theft.

The Secret Service hosts identity theft forums involving businesses, civic groups, community organizations and local police departments, and shares our "best prac-

tices" for preventing such crime and protecting consumers. We participate in and organize such events in communities across the country.

In cooperation with the Federal Trade Commission (FTC) and the IACP, the Secret Service is developing an identity crime video and CD–ROM. This project is designed to provide information to local and state law enforcement personnel that will assist them in investigating identity crimes at the local level. The video and CD–ROM will serve as an information and resource guide, providing downloadable materials such as State and Federal identity theft statutes, the FTC's Victim Assistance Guide and Sample Affidavit, a "Best Practices Guide to Identity Crime," the local contact numbers for the Secret Service, Postal Inspection Service, FBI and other agencies, and credit card fraud and related information from our partners in the financial services industry. This valuable training tool should be available in the coming weeks, and the Secret Service will be distributing a copy to every police department in the United States.

GLOBAL FINANCIAL CRIME

The professional and effective relationship we have developed with the Colombian government, and the similar success stories we have enjoyed among our other 19 foreign field offices, can be attributed to our long-term commitment to work with the host nation in a cooperative environment. This environment fosters relationships built on trust and mutual respect, and results in the sharing of information and expertise. Where permanent stations are not available, the Secret Service relies on temporary assignments to satisfy the requests for participation in overseas financial crimes and counterfeit task forces. Within the last 2 years alone, the impact of our work through temporary assignments in Lagos, Nigeria, Bucharest, Romania, and Frankfurt, Germany has resulted in the opening of permanent offices.

In addition to the protection of our currency, the Secret Service's efforts abroad are directed at protecting the integrity of our financial infrastructure through responsiveness and timely assistance at the point of attack. Within our agency's existing resource levels, the Secret Service will seek to establish additional foreign offices in areas where there is a demand for our expertise, continued requests for partnerships, and in regions that make sense strategically and offer a high probability of a favorable return on the investment.

SECURITY OF IDENTITY DOCUMENTS

The heightened threat of terrorism within the United States reinforces the need to secure, authenticate, and trace identification documents. There are no current uniform standards for identification documents in the United States, and many identity documents today, particularly state drivers' licenses, were not designed with security in mind. They often include features that are either available on the Internet or can be easily simulated by amateur counterfeiters using widely accessible technologies. With over 300 different, yet legitimate, formats for state driver licenses in use today, it has become nearly impossible for law enforcement to authenticate a questioned document.

The counterfeiting of documents continues even after a change in design or security features. For this reason, the Secret Service's Forensic Services Division sponsors the Document Security Alliance (DSA), comprised of business leaders from the credentialing and identity document industry. The DSA's goal is to focus the efforts of this multi-disciplinary group on improving the security and procedures associated with identity documents. This organization has discussed and explored various processes, methods, techniques and technologies that could be used to improve the forensic tracing of fraudulent documents.

Our agency has investigated cases where individuals were in possession of multiple genuine driver licenses, each bearing that individual's photographs with different biographical information. Subsequent information revealed that state motor vehicle administrators, upon receipt of counterfeit "breeder" documents, issued the licenses. The notion that criminals can generate counterfeit breeder documents, such as birth certificates and Social Security cards, and obtain with little difficulty more secure documents such as passports, throws a spotlight on one of our most troubling vulnerabilities.

The Secret Service maintains a database consisting of over 90,000 counterfeit identity and monetary documents. These counterfeit documents include credit cards, travelers checks, bank checks, Social Security cards, immigration documents, birth records, work identities and drivers licenses. The database was created to allow for link analysis or data mining of records that would not normally be discerned through traditional investigative or forensic approaches. The current system has produced numerous investigative leads and is considered the largest database of its

kind in the world. The ability to collect, analyze and catalogue documents relating to terrorist investigations, and to provide a forensic link analysis in tracking criminals and terrorists throughout the world, is critical. The Secret Service has developed and implemented a Web-based application that provides law enforcement agencies across the country with access to all genuine identification documents used in the United States. Within seconds, law enforcement personnel can request an image file of a specific document along with critical information necessary to examine the document effectively.

The images can be enlarged, printed or used for comparison with the document in question. The application can assist the officer with step-by-step instructions to aide searches without the requirement for specific knowledge in the area of counterfeit documents. The program also provides additional instruction in detecting common defects in counterfeit documents as well as security features in genuine documents. A scanning feature will also be incorporated to allow a document to be submitted to our forensic lab. The anticipated turnaround time for a decision on the authenticity of the suspected document will be less than 60 minutes.

NATIONAL CENTER FOR MISSING AND EXPLOITED CHILDREN

The Secret Service derives enormous professional and personal fulfillment from our relationship with the National Center for Missing and Exploited Children (NCMEC), and continues to provide the valuable analytical, forensic and laboratory support, and other assistance that the Center has benefited from in recent years.

Since the passage of the Violent Crime Control and Law Enforcement Act of 1994, the Secret Service has provided forensic and technical support to the NCMEC, including the use of the Automated Fingerprint Identification System; the Forensic Information System for Handwriting; ink analysis and comparison; traditional handwriting and fingerprint comparison; polygraph examinations and consultation; visual information services such as image enhancement, suspect drawings and video and audio enhancement; graphic and photographic support; and age regression/progression drawings. In fiscal year 2002, the Secret Service conducted 29 polygraph examinations in direct support of the NCMEC's mission. The examinations for these cases involved missing, abused and murdered children.

We also actively support the Center's Operation Safe Kids initiative—a national, community-based awareness effort. We utilize a computer-enhanced application known as the Children's Identification System (KIDS), to acquire a photograph, fingerprints and biographical data of a child that are then printed and provided to his or her parents. This program has been offered at public events throughout the country, and to date, we have fingerprinted more than 35,000 children under the KIDS program.

The Secret Service is also developing a Forensic Investigative Response and Support Team (FIRST). FIRST will be comprised of forensic experts able to respond on short notice to requests for assistance from state, local, or other Federal law enforcement agencies, providing time-sensitive forensic support to requesting agencies in cases involving missing or exploited children. In essence, when the NCMEC is notified by a local law enforcement department of an abduction, the Secret Service will be capable of launching a FIRST team to respond within the first 8 hours of abduction, providing computer, forensic and "real-time" investigative support to a local police department that may lack the resources to respond in an effective manner during that critical period.

PROTECTIVE PROGRAM

Since 1901, the Secret Service has been responsible for protecting our nation's highest elected officials, visiting world leaders and other designated individuals. In addition, our current mission includes reducing threats posed by global terrorists and other adversaries, and providing the safest environment to those participating in events of national significance. We perform this mission by providing continuous protective operations that offer comprehensive security for our protectees and the facilities where they work and live, and, by coordinating, planning and implementing security plans at important events and functions designated by the President as National Special Security Events (NSSEs).

In recent decades, our protective mission has expanded beyond the protection of the President, the Vice President and their immediate families. Today, we are also mandated to provide personal protection to the President-elect, the Vice President-elect and their immediate families; major Presidential and Vice Presidential candidates and their spouses; visiting foreign heads of state or governments; former Presidents, their spouses and children under the age of 16; and other government officials as designated by the President. We also provide security for the White

House Complex, the Vice President's residence, and 519 foreign missions within the Washington, D.C., area.

Mr. Chairman, we have witnessed a decade of well-planned and well-executed attacks, both at home and abroad, against Americans and American symbolic targets. Oklahoma City; Khobar, Saudi Arabia; the U.S. embassies in Kenya and Tanzania; the U.S.S. Cole, and of course, the World Trade Center and the Pentagon in 2001. These tragic events remind us of our vulnerabilities and the changing threats our nation faces each and every day.

The Secret Service continues, as a matter of practice, to assess these threats and evaluate the application of our protective methodologies. We have assumed new responsibilities in the form of additional protective details, and we continue to adjust the depth of coverage to enhance the Presidential, Vice-Presidential, and Former Presidential protective details. Today, the Secret Service provides full-time protective details for 27 individuals, a number that increased sharply following the September 11th attacks.

Our protective mission was further expanded in 2000, when Congress authorized the Secret Service to plan, coordinate and implement security operations at designated events of national significance. This authority was a natural evolution for the Secret Service, as we have led security operations at large events involving the President dating back to our first protective mandate in 1901 and have developed an expertise at planning these events and coordinating security with our local, State and Federal law enforcement partners. Since 1999, the Secret Service has led security operations at 12 NSSEs, including the 2000 Republican and Democratic National Conventions, the 2001 United Nations General Assembly, and, most recently, the 2002 Winter Olympics and Super Bowl XXXVI.

The actual planning and coordination of these events requires an intensive, sustained effort, and the volume of both financial and human resources required to develop and execute a sound physical security plan for a NSSE can be immense. The 2002 Winter Olympics in Salt Lake City, for example, involved an unprecedented interagency collaboration between Federal, State, and local law enforcement, as well as the military, working with the Salt Lake Organizing Committee, the International Olympic Committee, the State of Utah, and other entities. Security for the competition and ceremonies was provided for a 4-week period, 24 hours a day, for an estimated 65,000 daily spectators, including 2,500 athletes in 15 protected venues. These venues stretched over an area covering 900 square miles, slightly smaller than the state of Rhode Island. It was the largest and most comprehensive coordinated security event in the history of American law enforcement.

In addition, the annual meeting of the United Nations General Assembly (UNGA) is held each year in New York City. On average, 50 to 80 heads of state/government attend this event. It is important to note that each year, the UNGA is a manpower and resource intensive effort for the Secret Service.

We consider the protective mission as an evolutionary process, essential to the security of our homeland. We apply that thought process when planning and executing security, and we analyze the actual and potential threats during increasingly complex protective operations. Adapting to changing situations in a changing environment, sound planning on all planes, and employing technology or other applications to our advantage is fundamental to our strategy.

There is also a vibrant interrelationship between our protective and investigative responsibilities. Since 1865, the Secret Service has developed a unique capacity to build strong and trusted partnerships with local, county and state law enforcement in furtherance of our investigative mission. It is important to note that these are partnerships in their truest form. They are built over time, and involve information sharing, open communication, and, perhaps most critical, mutual trust.

Building an atmosphere of trust and cooperation with local police is not only central to our criminal investigations and prevention-oriented partnerships, it is also the keystone to fulfilling our protective mission. For travel outside of Washington, D.C., the Secret Service executes our security plan with the cooperation and resources of the local police in the area, as coordinated by our field office.

The cooperative atmosphere that has already been established between our field office and local law enforcement with regard to our investigative duties breeds successful interagency collaboration during Presidential and other protectee visits. Simply put, there is already a precedence of trust between the parties that need to cooperate and coordinate their efforts, and the Secret Service builds upon that relationship to prepare for and provide a seamless and secure environment for our protectee.

Not only is there a connection between our investigative responsibilities and the protection of the President, but the strength of our protective capabilities is dependent on our investigative mission. Every agent currently assigned to a protective de-

tail began their career in the Secret Service as a criminal investigator in a field office, where they spent considerable time developing their skills and expertise by investigating counterfeit cases, financial crimes, protective intelligence cases or protecting critical infrastructure.

A Secret Service agent is among the most skilled law enforcement operatives in the world, largely due to their investigative training and experience. This extended field training provides an opportunity to apply analytical skills and various investigative techniques while testing their maturity and judgment. These are the building blocks necessary for the transition of our agents into the next phase of their careers—protecting our nation's highest elected leaders. Because of this investigative experience, our protective agents are multi-dimensional, relying on an array of skills and instincts to protect our nation's leaders. We draw upon those individuals who have years of experience in the field, who not only have acquired the requisite skills, but have been tried and tested under difficult circumstances, and have proven decision-making and other abilities that are crucial to protective missions. This investigative experience prepares our agents for the mental and physical challenges faced while planning and coordinating security, while always being ready to recognize and react instantaneously to a threat.

As you can see, Mr. Chairman, our protective and investigative responsibilities are thoroughly intertwined and interdependent. They are the heart and soul of the Secret Service, and complement each other in a manner that is truly unique among law enforcement today.

OFFICE OF PROTECTIVE RESEARCH

INTELLIGENCE DIVISION

The protective research and intelligence programs continue to serve a critical role in support of the dual missions of the Secret Service. Our Intelligence Division coordinates all Secret Service investigations related to direct threats against our protectees and develops threat assessments related to protected individuals, facilities and venues. This process involves the identification, assessment, and management of all information and incidents directed toward our protective efforts, both at home and abroad. The division evaluates risk potential associated with specific and generalized threats; prepares analyses of protectee-specific threats; maintains liaison with other law enforcement and intelligence agencies; plans and reviews the case management for high risk subjects; and, through our National Threat Assessment Center, collaborates in the design and implementation of program evaluation studies and other risk assessment research designed to improve our understanding of violence directed toward public officials.

During fiscal year 2002 and fiscal year 2003, the Intelligence Division supported the development and implementation of the Department of Homeland Security, including the Information Analysis and Infrastructure Protection Directorate and related Working Groups, Sub-Working Groups, and Planning Committees. As the Secret Service continues its transition to the DHS, the Intelligence Division will take on increased responsibilities, including the staffing of the DHS's multi-agency Homeland Security Center (HSC). The HSC provides a 24-hour "watch center" and serves as the Department's single point of integration for information related to homeland security. The HSC is responsible for maintaining domestic situational awareness; detecting, preventing, and deterring incidents; and managing the response to all critical incidents, natural disasters and threats.

In addition, the Intelligence Division will be uniquely involved with the Administration's new intelligence analysis initiative, the Terrorist Threat Integration Center (TTIC). The TTIC will merge and analyze terrorist-related information collected domestically and abroad in order to form the most comprehensive threat picture possible.

The Secret Service's active role in these new and enhanced intelligence initiatives will play an important role in the overall mission of the DHS. The Secret Service is committed to full and active participation in the protection of our homeland; and further, it is imperative that our agency always has access to information that is vital to our own protective and investigative missions.

The Secret Service will provide full-time staff for the 24/7 operation of the HSC and the TTIC from within our Intelligence Division. Our personnel assigned to the HSC and the TTIC will be responsible for receiving and disseminating incoming intelligence information, as well as providing DHS with a point-of-contact for Secret Service response capabilities.

The Intelligence Division coordinates Secret Service participation in the Department of Justice-led Joint Terrorism Task Forces (JTTFs). Currently, 58 Secret Service agents participate in JTTF programs in 51 offices. In addition to collaborating

in a combined and coordinated effort, the Secret Service provides and derives the benefits of sharing information on investigative matters that may be related to our protective mission.

In addition to directing and performing such operational activities, the Intelligence Division continues to provide leadership for the Protective Detail Intelligence Network (PDIN), a consortium of Washington, D.C., area law enforcement, security, and public safety agencies with protective and security-related functions. Initiated in 1999 by the Secret Service, the PDIN has emerged as an important forum for sharing intelligence information that affects security planning issues across agencies in the metropolitan area. PDIN meetings include briefings and training concerning significant and designated major security events coordinated by the Secret Service, and they facilitate cooperative partnerships among agencies who share protective and security responsibilities. Through the PDIN, the Secret Service has offered assistance in the preparation of security assessments for incoming Cabinet members and senior Administration officials.

NATIONAL THREAT ASSESSMENT CENTER

As part of the Secret Service's protective intelligence mission, our National Threat Assessment Center (NTAC) continues to gain national attention through its training, outreach, consultation, and research efforts in the specialized field of targeted violence. Its principal goal encompasses the spectrum of threat assessment and targeted violence as it relates to our protective mission. As a natural extension of our protective intelligence methodology, we continue to share our knowledge and depth of experiences with the DHS, demonstrating the utility of Secret Service "Best Practices" for identifying, assessing, and reducing threats to homeland security.

NTAC also continues to support the development of the new Department. NTAC has assisted the Information Analysis & Infrastructure Protection Directorate (IA&IP) in the development of a Competitive Analysis & Evaluation Office (CAEO), providing detailed personnel to ensure that the DHS has an operationally-sound quality assurance function. The purpose of the CAEO is to reduce the risk and consequences of domestic terrorist attacks by ensuring that the IA&IP Directorate's initiatives are tested and are of the highest quality and value. NTAC is also participating in "Red Teaming" exercises with the Department. Red Teaming is a risk assessment technique that tests an organization's methodologies and analyzes the vulnerabilities from the perspective of the threat.

Following the attack at Columbine High School in 1999, NTAC entered into a partnership with the Department of Education and the National Institute of Justice to apply the methodology used in our traditional analysis of targeted violence, in the form of a study designed to examine if similar behavior was involved in school shootings. This study, known as the Safe School Initiative, reviewed 37 school shootings occurring in the United States in the preceding 25 years. The Safe School Initiative was completed in 2000, focusing on operationally-relevant information—information that law enforcement professionals, school personnel, and others could use to try to prevent future school shootings. The Initiative examined the pre-attack behavior and communications of school shooters, to identify information that might be discernible in advance of an attack, and could allow for intervention.

NTAC staff has been able to communicate what we have learned in assessing threats on public officials and our findings in the Safe School Initiative with those with an interest in preventing school and workplace violence. In 2002, NTAC, in collaboration with the Department of Education, completed and published the final product of the Safe School Initiative: the study's Final Report, and a Guide to Threat Assessments in Schools. These materials suggest methods for school administrators, educators, law enforcement personnel, and mental health professionals to conduct threat assessments in their schools.

The Secret Service and Department of Education have thus far conducted 46 Safe School Initiative presentations and 12 day-long training seminars around the country, providing thousands of school officials, law enforcement professionals and others information on how to respond to and manage threatening situations in our schools. NTAC was also involved in other seminars and forums in fiscal year 2002, including 28 Exceptional Case Study Project/Threat Assessment Training Presentations, five Field Protective Intelligence Briefings, and four Threat Assessment Seminars.

Also noteworthy is the Insider Threat Study, a collaboration between the Secret Service and Carnegie Mellon University's Computer Emergency Response Team Coordination Center (CERT/CC) focusing on insiders who attack critical information systems. This partnership seeks to strengthen critical infrastructure protection efforts and provide private industry and law enforcement with information to help prevent insider attacks. The Insider Threat Study uses operational methodology of

previous NTAC studies to examine network compromise incidents committed by insiders, such as current or former employees, and seeks to identify discernible behaviors and communications that could assist in the prevention of future compromises.

NTAC has also proposed the creation of an information-sharing system for agencies with protective responsibilities. This system, dubbed the Targeted Violence Information-Sharing System (TAVISS), would contain a repository of names of subjects with a known or suspected adverse direction of interest towards local, state, and Federal public officials. TAVISS would be directly accessed from remote sites by multiple law enforcement agencies with protective responsibilities for such public officials.

TECHNICAL SECURITY DIVISION

The Technical Security Division (TSD) is responsible for creating a safe and secure environment for Secret Service protectees and the facilities we protect. This includes the responsibility of managing all chemical/biological/hazardous materials countermeasures programs of the Secret Service that safeguard our protectees and facilities, and the mitigation of any threats of terrorism.

As part of its ongoing support mission, TSD identifies and implements ways to improve its detection capabilities in and around the White House Complex, Naval Observatory and other protected locations. Outside of Washington, D.C., chemical/biological/hazardous material support is integral to any protective security plan during motorcade movements or at fixed locations, including all designated National Special Security Events.

TSD has two significant programs of interest that demonstrate the Secret Service's ability to mitigate specific threats: the Radar Airborne Intrusion Detection System (RAIDS), and the Hazardous Agent Mitigation Medical Emergency Response Team (HAMMER).

The RAIDS is a classified network of air intrusion detection equipment that allows the Secret Service to continuously monitor the airspace in the Washington, D.C. area. Segments of the system have recently been upgraded, and, at the recommendation of classified studies, additional subsystems will be incorporated to address existing and emerging threats.

The HAMMER team was developed to provide rapid intervention to Secret Service protective details in the event of a chemical, biological or radiological incident. The HAMMER team consists of TSD personnel trained in hazardous materials identification, mitigation, decontamination, and basic life support. In the event that a hazardous environment incapacitates the protectee's primary medical support, the team can provide basic life support and decontamination prior to patient transport. The team will provide field tests and take samples for transport to remote laboratories for testing and identification. TSD has agreements in place for laboratory analysis of suspect materials. The HAMMER team will automatically deploy when a chemical, biological or hazardous materials release occurs and Secret Service protectees, or one of the facilities that we protect, are affected.

INFORMATION RESOURCES MANAGEMENT DIVISION

The Information Resources Management Division (IRMD) continues to provide an information and communications infrastructure in support of the protective and investigative missions of the Secret Service. The Secret Service's move to the Department of Homeland Security has significantly increased IRMD's role and responsibilities. Management and staff from this division are engaged in many of the DHS Working Groups and Sub-Working Groups, including the CIO Investment Review Group, Technical Reference Model Working Group, Security Sub-Group, Network Sub-Group, Web Management Sub-Group, Directory Services E-Mail Sub-Group, Collaboration Sub-Group, Data Management Sub-Group, Records Management Sub-Group, Geospatial Sub-Group, Wireless Sub-Group, E-Learning Sub-Group, First Responders and Emergency Preparedness, CFO Council, and a Classified IT Technical Team.

In fiscal year 2002, IRMD continued to upgrade and improve system-wide efficiencies in radio, telephone and wireless communications. The priority initiatives include the conversion of Legacy mainframe applications to a Web-based system and upgrading headquarters and field office voice/data capacity. IRMD also completed its test of the Treasury Smart Card Proof of Concept and is in the process of integrating this new technology into the workplace. There are two significant benefits driving the move to smart card use and acceptance: the ability to securely store Public Key Infrastructure certificates (part of an elaborate process to authenticate ones' identity over electronic interfaces such as the Internet), and the ability to use digital signatures to authorize government activities. This program has also been

presented to the DHS Chief Information Officer for potential use at the new Department.

EMERGENCY PREPAREDNESS PROGRAM (EPP)

The EPP is responsible for coordinating the emergency preparedness programs of the Secret Service and concentrates its efforts on operations security, the continuity of government and critical infrastructure protection. The EPP staff coordinates with the White House Military Office, the Emergency Preparedness and Response directorate and other agencies regarding matters involving the continuity of government and emergency preparedness. Internally, EPP staff coordinates emergency preparedness exercises and provides frequent educational material and training to staff in all areas of emergency preparedness.

In fiscal year 2002, EPP assisted the DHS with the development of the Emergency Preparedness and Response Directorate, and participated in efforts to create an emergency preparedness database to be shared among all agencies in the DHS. EPP has also been involved in the Homeland Council on Domestic Threat Response and Incident Management, and the Weapons of Mass Destruction Management Policy Coordination Working Group.

EPP actively participates in the National Capitol Region Planning Committee Working Group that coordinates emergency preparedness efforts, particularly Federal Emergency Decision and Notification Protocol in the District of Columbia region.

HUMAN RESOURCES AND TRAINING

WORKFORCE RETENTION/WORKLOAD BALANCING INITIATIVE

The House and Senate Appropriations Committees should be commended for recognizing and supporting the priority of the Secret Service to confront the declining quality of life of our workforce caused by excessive overtime, out-of-district travel and other such factors. In fiscal year 2000, the Secret Service began our Workforce Retention/Workload Balancing Initiative with the goal of hiring 682 additional agents during a 3-year period. I am pleased to report that the Secret Service exceeded this goal by more than 60 percent, hiring a cumulative total of 1,098 special agents. In addition, the Secret Service enhanced the quality of life of all of our employees by hiring 545 Uniformed Division officers and 453 support personnel during the same period, far exceeding the original target under the Workforce Retention/Workload Balancing Initiative.

Despite our impressive hiring achievement, we have experienced a higher than normal level of attrition, attributable largely to ongoing retirements and transfers. This attrition requires us to continue our aggressive hiring plan and to reinforce our ranks, whose unique skill set is in high demand both in the government and private sectors. The safety, morale and job satisfaction of our entire workforce are of paramount importance.

For fiscal year 2003, in order to meet our strategic goals of protection, investigation, and providing a responsive support infrastructure, the Secret Service plans to hire 893 special agents, Uniformed Division officers, and support personnel.

DIVERSITY

It is the policy of the Secret Service to attract, develop, retain and maximize the potential of a diverse workforce in a changing and competitive environment. We are committed to this policy. As a means of fully achieving and emphasizing an organizational culture that recognizes the value added by a diverse workforce, the Secret Service has organized its Diversity Management Program under the direction of a Deputy Assistant Director for Recruitment, Employment and Diversity Programs (REDP). Through a coordinated process, the REDP develops and implements recruitment policies with our agency's Recruitment and Hiring Coordination Center, the Diversity Management Program, and the Chief of the Personnel Division.

In support of the Secret Service's initiative to recruit, develop, and retain a diverse workforce, the Diversity Management Program hosts quarterly, interactive training conferences designed to address diversity issues throughout the agency. In fiscal year 2000, the Secret Service contracted with the Ivy Planning Group, a premier management consulting firm, whose skilled trainers have augmented our diversity conferences over the past two years. The Ivy Planning Group assists major organizations within the Federal Government and private sector in becoming more customer-driven by focusing on strategic and tactical planning, marketing and cultural diversity.

Approximately 150 of our employees participated in these training sessions last year. The Diversity Management Program also offered a "Conference on Supervisory Diversity Issues". In support of President Bush's Management Agenda regarding the Strategic Management of Human Capital, this class was attended by "middle" management and focused on issues within the Secret Service.

The Secret Service supports and encourages employee participation in conferences dedicated to minority interests. In addition to our internal diversity training, the Diversity Management Program sponsors employees who participate in the following national training conferences:

—Women in Federal Law Enforcement
—National Organization of Black Law Enforcement Executives
—National Native American Law Enforcement Association
—Hispanic American Police Command Officers Association
—National Asian Peace Officers Association
—Blacks in Government Training Conference

In fiscal year 2002, approximately 120 employees attended the following conferences: the Women in Federal Law Enforcement Conference; the Hispanic American Police Command Officers Association Training Conference; the National Organization of Black Law Enforcement Executives Training Conference; the Blacks in Government Training Conference; and the National Native American Law Enforcement Association Training Conference.

Last year, the Secret Service sponsored 14 recruiting seminars attended by 4,446 potential applicants for Uniformed Division and Special Agent positions. The Recruiting and Hiring Coordinating Center (RHCC) continued its liaison efforts with the Historically Black Colleges and Universities, the Hispanic Servicing Institutions and Women's Colleges by attending career fairs at many of these institutions. Additionally, the RHCC mailed out Special Agent and Uniformed Division officer brochures to each of these institutions highlighting career opportunities with the Secret Service.

The RHCC also ran recruiting "banner" ads on Internet websites targeted towards specific ethnic minority groups, including Hispanic Online, BlackVoice.com, GoldSea.com, and WIFLE, and sponsored recruiting advertisements in several magazines targeted towards various minority groups.

In the past year, the Service has developed a core training course curriculum for our Equal Opportunity Program to lay a foundation for highly-skilled personnel to work in special emphasis programs and provide EEO counseling services. Additionally, we have established collateral duty special emphasis program manager positions for Hispanic, African-American, Asian-Pacific Islander, Native American, Persons with Disabilities/Disabled Veterans and Federal Women's Program constituency groups.

JAMES J. ROWLEY TRAINING CENTER

The James J. Rowley Training Center (RTC) continues to evolve into a world-class education center with experienced staff, enhanced curriculum, and the development of facilities. Emphasis on overall quality and efficient operations has resulted in the enhanced integration of course content and streamlined scheduling of basic, in-service, and external training. With the transition of the Secret Service into the Department of Homeland Security, the RTC envisions an opportunity for circular growth as a "law enforcement university," offering training in physical security, site security, event security, counter terrorism studies, emergency preparedness, threat assessment, and protection of critical financial infrastructure.

The Secret Service recognizes that the mission of our agency is extremely specific in nature and our advanced training cannot be provided anywhere else in the Federal law enforcement community. Physical security, site security, threat assessment and other components of our training are culturally unique to the Secret Service, and the curriculum and facilities we have developed at the RTC have significantly enhanced our ability to fulfill our protective and investigative missions.

During fiscal year 2002, the RTC trained 350 special agents (15 classes), 216 Uniformed Division officers (9 classes), and 26 special officers (2 classes). RTC also completed 23,874 in-service instances and re-qualification visits for the workforce. Review of course content remains a priority. The RTC has completed an evaluation and revision of the Uniformed Division's basic training curriculum review, eliminating duplication of effort at both the RTC and the Federal Law Enforcement Training Center (FLETC).

The "Beltsville Field Office" at the RTC offers the special agent trainee a "virtual" performance-based program, exposing agents to the integration of elements relative to the missions of the Secret Service. This has included team-oriented, practical ex-

ercises in financial investigations, arrest procedures, protective intelligence, and site security.

Strides in proactive protection methodology have produced and introduced new curriculum to address advanced counter surveillance measures and suicide bomber prevention. The canine program continues to explore the potential utilization of dogs beyond bomb detection to performing patrols and detecting personal explosive devices on humans.

To more effectively meet the needs of the workforce, RTC continues to adopt technology-based training. The Center now houses two video-conferencing studios that have been utilized to broadcast legal training, CPR and first aid kit review, computer applications, and program and methodology training to Secret Service students at FLETC and field offices across the country.

Other distance learning techniques are being researched, procured, and implemented, such as custom courseware via the Intranet and Web-based forums, electronic classrooms, and CD–ROMs. Such tools offer training opportunities to all employees anytime and anywhere, without the cost of time and travel.

In the pursuit of academic excellence, the RTC established and continued an invaluable partnership with the Johns Hopkins University as part of an ongoing effort to assure that we develop and maintain the highest quality in our management ranks.

CONCLUSION

Mr. Chairman, the Secret Service is entering a new era. We are proud to be part of the Department of Homeland Security, and are eager to contribute in any way we can to the mission of protecting our citizens, our economy and our institutions. While still in its infancy, it is clear that the new Department will be built on the twin pillars of prevention and protection. These are the very words found throughout our own strategic plan. They have defined the mission and culture of the United States Secret Service for 138 years. It is the hope of each and every employee of the Secret Service that our agency can strengthen the new Department.

On behalf of the men and women of the Secret Service, we stand ready to continue protecting our leaders, our infrastructure and the American people. We know how daunting a mission this is, but I assure this subcommittee that the Secret Service can and will meet this challenge. Our people have the skills, the experience, the training, and most importantly, the character, to rise to any occasion. They have dedicated their careers and their lives to making a safer America.

Mr. Chairman, thank you again for the opportunity to appear before the subcommittee. This concludes my prepared statement. I will be pleased to answer any questions you or the other members of the subcommittee may have.

Senator COCHRAN. Before proceeding to hear from the Commandant, I welcome the distinguished Senator from Washington, Senator Murray. If you have an opening statement at this point, we would be happy to hear from you.

Senator MURRAY. Mr. Chairman, I appreciate that, and I know I speak for many of my colleagues when I say that we never cease to be impressed by the accomplishments of our men and women in the Coast Guard, and I am really proud of the role that the Coast Guard played in Operation Iraqi Freedom and really want to highlight the work of the Port Security Unit from Tacoma, Washington which was instrumental in restoring order when the coalition forces captured the fort of Umm Qasr.

While the Coast Guard may be viewed by some as the fifth military service, the Coast Guard is actually the first military service when it comes to defending our homeland. Over and above its mission to keep our ports and waterways secure, the Coast Guard is charged with missions that no other military service or Federal agency could even begin to contemplate. Their missions include stopping illegal immigrants, protecting the marine environment, ensuring the safety of boaters and shipping operations, and stopping the flow of illegal drugs.

As Admiral Collins knows, I and many of my colleagues in the House and Senate were concerned about the President's plan to merge the Coast Guard into the new Department of Homeland Security. Our biggest concern was that the Coast Guard's non-homeland security missions would continue to be deemphasized. We feared that the potential of catastrophic oil spills and illegal foreign fishing boats regularly encroaching on our U.S. fishing grounds would increase, and when the Department was established, the administration told us not to worry, that our concerns were ill-founded.

Even so, just to be sure, Congress included language in the Homeland Security Act that states explicitly that the capabilities of the Coast Guard to perform its missions shall be maintained intact and without significant reduction once the Coast Guard is transferred to the new Department.

The language also prohibited the Secretary of Homeland Security from substantially or significantly reducing the missions of the Coast Guard.

A great deal of credit goes to our Committee Chairman, Senator Stevens, for insisting on the inclusion of that language.

The Senate Appropriations Committee report that accompanied the 2003 Appropriations Act directed the Commandant of the Coast Guard to ensure that with the historic funding increase it received in that bill, the Coast Guard returns its level of effort in its non-homeland security missions to the level that existed prior to September 11, 2001.

Today, when we look at the actual record as to where the Coast Guard has been focusing its attention, it is clear that we were right to worry about a continuing decline in drug interdiction, fisheries enforcement, marine safety, and marine environmental protection.

Two weeks ago, the subcommittee received the first of the quarterly reports that I mandated as part of that 2003 Act. That reports required the Coast Guard to display its mission hours for each of the quarters since September 11, 2001 as well as the eight quarters that preceded September 11.

Mr. Chairman, I carefully reviewed the figures that were transmitted in that report, and the findings are very disturbing. In the area of drug interdiction, the Coast Guard's efforts over the last year stand 42 percent below the number of hours committed to drug interdiction prior to September 11, 2002. In my own 13th District in the Pacific Northwest, drug interdiction efforts were reduced by 25 percent over that period.

In the area of marine environmental protection, the Coast Guard's mission hours have declined 64 percent below the pre-September 11th levels, and in the Pacific Northwest, that reduction has equaled 82 percent.

In the area of marine safety, the Coast Guard's level of effort over the last year stands 43 percent below the time prior to September 11.

Of particular concern is the Coast Guard's greatly diminished efforts in the area of fisheries enforcement. Nationwide, the Coast Guard's level of effort has decreased a third.

Let us remember that if Coast Guard vessels are enforcing fishing laws in the Bering Sea, they are also able to conduct quicker responses in search and rescue cases.

When looking at this data, it is important to remember that the actual number of hours that the Coast Guard spends operating its cutters, boats, and aircraft has actually increased 20 percent since September 11. So all of these dramatic reductions have taken place at the same time that overall Coast Guard mission hours have increased.

For example, prior to September 11, the Coast Guard spent 12½ of every 100 hours on fisheries enforcement. That number is now down to less than 7 hours. That is a reduction of 45 percent.

In the area of drug interdiction, prior to September 11, the Coast Guard spent 15½ of every 100 hours keeping drugs off our Nation's streets. That number is down now to less than 7.4 hours. That is a reduction of 52 percent.

Many of these same observations were made recently by the GAO in testimony to the House of Representatives, but the GAO used less recent data than I just used. The lesson from all of this data for my colleagues is that when it comes to the Coast Guard, there is no free lunch. Despite a work ethic that is second to none both in the military and the entire Federal Government, and despite the tireless commitment of the thousands of hard-working men and women in the Coast Guard, they simply cannot be everywhere at all times.

With that fact as our backdrop, I hope the Subcommittee will use this morning's hearing to really get to the truth as to what the President's budget for 2004 will or will not pay for when it comes to the Coast Guard and all of its critically important missions.

In the formal testimony that the commandant will present to us this morning, he will tell us that one of the three primary objectives of his 2004 budget is "to sustain non-homeland security missions near pre-September 11 levels."

The GAO, conversely, reviewed the President's 2004 budget and testified that the Coast Guard's 2004 budget request, and I quote, "does not contain initiatives or proposals that would substantially alter the current distribution of levels of effort among mission areas."

Mr. Chairman, last year, this Subcommittee was successful in providing the Coast Guard with an historic funding increase, and that increase was well-deserved and long overdue. This year, the President is proposing yet another historic funding increase for the Coast Guard, and I commend him for that. But I think it is critical that this Subcommittee insist that if this agency's budget continues to grow by 20 percent in just 2 years, we have a right to expect that this agency will return to its work of interdicting drugs, protecting our fishing grounds and our fishermen, and protecting our environment.

Thank you, Mr. Chairman.

Senator COCHRAN. Thank you, Senator.

Admiral Collins, I am pleased to welcome you to this hearing. We appreciate very much your distinguished service as Commandant of the United States Coast Guard.

The President's request for fiscal year 2004 proposes $6.77 billion for the Coast Guard, approximately $700 million more than was enacted in fiscal year 2003, excluding the recently enacted supplemental.

The Coast Guard has significant homeland security and non-homeland security responsibilities including the Integrated Deepwater System, maritime domain awareness, fisheries enforcement, and search and rescue.

We have your written statement, and it will be made a part of the record. We encourage you to proceed to summarize it if you will and make any additional comments you think would be helpful to the Committee as we review this budget request.

Mr. Commandant, you may proceed.

STATEMENT OF ADMIRAL THOMAS H. COLLINS

Admiral COLLINS. Good morning, Mr. Chairman, Senator Murray. It is really an honor and a pleasure to be with you in our first session with this subcommittee.

The Senate has been tremendously supportive of the Coast Guard over the years—"enduring support" I think is the way to describe it. It has clearly enabled us to meet many of the challenges that we have faced over the years to provide for the maritime safety and security of the citizens of this country.

That need has never been so evident over the past year-and-a-half, and the scope and scale of the changes of those 18 months have been absolutely significant and dramatic.

Here at home, the Coast Guard units have been patrolling vigilantly, working side-by-side with our partners in the Department of Homeland Security and other Federal, State, and local agencies to ensure the security of our Nation and the safety of our citizens.

Coast Guard forces have also been valiantly engaged in support of component commanders abroad, in the Arabian Gulf and in the Mediterranean. We employed two high-endurance cutters, eight patrol boats, one buoy-tender, four port security units, and two maintenance support units, many of which, the good news is, will be returning home soon now that the hostilities are drawing to a close.

In the midst of the increased operational tempo that we have experienced in the recent months, I am very pleased to report that we are making excellent progress in becoming an integral member of the new Department of Homeland Security effective March 1. I think the new Department is the right place, at the right time, for the Coast Guard to serve America.

PRIORITIES OF THE COAST GUARD

Throughout the process of this transition, we have remained focused on three main priorities. Our first priority is to aggressively build our homeland security capabilities. Our maritime operations must reflect the changes brought by the increase of global terrorism by increasing the level of effort against it. Over 44 percent of our operating expense budget in this current budget under consideration is devoted to the homeland security mission.

We have designed a full range of concentric maritime security measures, starting overseas and extending to the shores of the United States. We cannot accomplish this without the strength of

relationships that we are continuing to build with our partners in government and industry, both at home and abroad.

The second priority—as we improve our capabilities in homeland security, we must also sustain our full range of missions. The law that created the new Department, as Senator Murray noted, mandates the Coast Guard must remain intact and must be attentive to its full range of missions. We have an obligation to the American public to provide critical services to them without interruption. The fiscal year 2004 operation and expense budget request of $4.7 billion provides an increase in every one of our missions relative to the fiscal year 2003 levels and continues a multi-year investment plan to significantly enhance our search and rescue program.

Third, we must increase our capacity, especially by recapitalizing and modernizing our aging fleet of cutters and aircraft and communication networks that connect them. The ability to sustain our full range of missions and to build our homeland security capabilities also requires an increase in capacity.

In short, we must improve capability, capacity, and partnerships in the coming years. And due in large measure to the support in the Senate, in 2003 and 2004, we are making real progress and real advances along these lines. The President's fiscal year 2004 budget request reflects steady progress on our objective to balance our full range of missions. Every homeland security dollar directed in our budget will help to distribute a careful balance between security and safety, both of which are important to the prosperity and safety and security of our Nation.

If the budget is enacted, by the end of 2004 we will have grown by 4,100 personnel and increased our overall budget by $1.6 billion, over a 30 percent increase over 2002. That should come as welcome news to anyone with interest in our capacity and capability to conduct our many missions.

The proposed budget will continue funding for the Integrated Deepwater System, which is an integral part of our strategy for homeland security, as well as the capacity to carry out the entire portfolio of our missions. The Deepwater project will recapitalize the Coast Guard's aging cutters, aircraft, and offshore command and control network to help push U.S. borders out and increase our maritime domain awareness. It is a flexible program, able to meet emerging requirements for all of our missions.

Together with the proposed budget, the fiscal year 2003 supplemental budget request will help to answer concerns about our capacity, and we are very grateful for the Senate support in appropriating those funds.

The fiscal year 2003 supplemental provides $580 million for our participation in Operation Iraqi Freedom and Operation Liberty Shield. It also provides an additional $10 million for increasing the security of our merchant mariner documentation, as well as $38 million for port security assessments. Both of those provisions are integral to our strategy for improving the maritime security of our Nation.

The Maritime Transportation Security Act of 2002, which calls for us to implement a comprehensive security regime for ports, facilities, and vessels in close alignment with international standards, is the central component of our ports' strategy. It is an ex-

tremely important law, both for the security of the global maritime transportation system and for the future of the Coast Guard. We are working aggressively to implement its key components.

Our rulemaking is proceeding on a very fast-paced schedule. We anticipate issuing an interim final rule this mid-summer and a final rule next November. Within our reach is the opportunity to create a robust security regime for our ports and coastal waters.

In the past year, much more than our rulemaking has been fast-paced. The demands of the American public for the missions that the Coast Guard performs every day have continued to grow, and as we strive to meet them, what will remain foremost in my mind as Commandant is the operational excellence of our service to America. That is our ultimate goal. In the end, it is the performance outcome. And I think we have some good news here.

PREPARED STATEMENT

But operational excellence depends not only on careful partnership and teamwork within the Department of Homeland Security. My key message here, Mr. Chairman, is that our operational excellence depends upon having the right capacity and the right capability for the mission at hand. And I look forward to working with you to that end.

Thank you very much.

[The statement follows:]

PREPARED STATEMENT OF ADMIRAL THOMAS H. COLLINS

Introduction

Good morning, Mr. Chairman and distinguished members of the Subcommittee. It is a pleasure to appear before you today to discuss the Coast Guard's fiscal year 2004 budget request and its impact on the essential daily services we provide the American public.

The President has clearly indicated that protecting the homeland is the government's number one priority and the Coast Guard has a critical role in that effort. The President's National Strategy for Homeland Security (dated 16 July 2002) stated:

"The Budget for fiscal year 2004 will continue to support the recapitalization of the U.S. Coast Guard's aging fleet, as well as targeted improvements in the areas of maritime domain awareness and command and control systems. . ."

To that end, the Coast Guard's fiscal year 2004 budget proposes budget authority of $6.77 billion and continues our effort to establish a new level of maritime safety and security operations. The Coast Guard's goal is to create sufficient capacity and capability to implement the maritime component of the President's National Strategy for Homeland Security while sustaining the traditional missions the American public expects.

I appreciate your support in the fiscal year 2003 Emergency Supplemental Funding Bill. Coast Guard forces have been fully engaged in support to the component commanders overseas in the Persian Gulf. We have deployed the largest contingent of Coast Guard forces since the Vietnam War, including 2 high endurance cutters, 8 patrol boats, 1 buoy tender, 4 port security units and 2 maintenance support units. We firmly believe that success overseas will bring greater security at home. These deployed assets constitute only three percent of our entire force so we will still be able to strike an appropriate balance between our domestic homeland security and non-homeland security missions through an effective use of risk based strategies to target resources to the greatest threats, increased op-tempo of domestic assets and the use of 11 PC–170 Navy patrol boats.

The Need to Sustain Growth in Fiscal Year 2004

To implement the President's strategy, the Coast Guard must maintain our high standards of operational excellence. A convergence of several significant internal

and external factors has emphasized the need for a continuing increase in capacity and capability for the U.S. Coast Guard to meet America's future maritime needs:

—The move of the Coast Guard to the Department of Homeland Security;
—The need to increase Maritime Homeland Security capability and capacity;
—The need to sustain our performance across all Coast Guard missions; and
—The requirement to quickly implement the comprehensive requirements of the Maritime Transportation Security Act of 2002.

Building Capacity and Capability

Immediately after the terrorist attacks on our nation, the Coast Guard established new port security zones, placed Sea Marshals on inbound merchant ships, conducted additional patrols off the coasts, established Maritime Safety and Security Teams to protect major ports and implemented new procedures to monitor vessel and crew movements within ports and coastal approaches. These increased responsibilities stretched already thin resources nearly to the breaking point and made it extremely difficult to continue serving other missions. To fill in the gaps, we activated nearly a third of our entire Selected Reserve force, and have quickly and effectively deployed the resources requested by the Administration and provided by Congress.

The fiscal year 2004 budget provides for increased capacity that is necessary for the Coast Guard to provide the strength and security our nation requires. To fulfill its responsibility to the American public, the Coast Guard is attempting to use that increased strength to accomplish three primary objectives in fiscal year 2004:

—Recapitalize legacy assets and infrastructure;
—Increase Maritime Homeland Security Capabilities; and
—Sustain non-Homeland Security missions near pre-9/11/01 levels.

Re-capitalizing the Coast Guard

President Bush has asserted that our aging assets and infrastructure must be recapitalized. In addition to Rescue 21, which is on schedule for completion in fiscal year 2006, the Coast Guard's Integrated Deepwater System will meet America's future maritime needs. Based on the organization's current capacity levels and the required capabilities immediately needed for Homeland Security and the other missions the American public expects, the continued funding of Deepwater is imperative and makes both programmatic and business sense. The Coast Guard is requesting $500 million for the Integrated Deepwater System.

Several programmatic considerations reveal why the Integrated Deepwater System is so essential for the safety and security of the American public:

—Homeland Security necessitates pushing America's maritime borders outward, away from ports and waterways so layered, maritime security operations can be implemented.
—Maritime Domain Awareness—knowledge of all activities and elements in the maritime domain—is critical to maritime security. Integrated Deepwater System will improve current Maritime Domain Awareness by providing more capable sensors to collect vital information.
—A network-centric system of Command, Control, Communications, Computers, Intelligence, Surveillance and Reconnaissance is required for effective accomplishment of all Coast Guard missions.
—Interdiction of illegal drugs and migrants and protection of living marine resources are important elements of Homeland Security and require capable Deepwater assets.

The Deepwater Program will ensure the Coast Guard can continue to fulfill its mission of safeguarding the sovereignty, security, and safety of our homeland waters. New assets include five 110′ patrol boats converted to more capable 123′ patrol craft, seven Short Range Prosecutor small boats, the first National Security Cutter (to be delivered in fiscal year 2006), the an increased organization-wide Command, Control, Communications, Computers, Intelligence, Surveillance and Reconnaissance network including a Common Operating Picture, Command and Control System at four shore-based command centers and the establishment of an integrated logistics system.

From a business perspective, the flexible Integrated Deepwater System framework was designed to adapt to changing conditions. The Integrated Deepwater System acquisition will replace or modernize obsolete and maintenance intensive assets that are not capable of meeting the current mission demand. The Integrated Deepwater System will provide the required capabilities the Coast Guard needs to perform an enhanced level of maritime security operations, sustain growing traditional missions and respond to any future crises, man-made or otherwise, that threaten America.

The Rescue 21 project will dramatically improve the Coast Guard's command and control communications network in the inland and coastal zone areas for SAR and all other Coast Guard missions. The improved Rescue 21 system will meet safety requirements for growing maritime traffic, as well as International Convention for the Safety of Life at Sea treaty requirements. It will be also be a critical component of our homeland security operations as it facilitates more effective monitoring and control of coastal assets.

The Challenge of Homeland Security

The Coast Guard is the lead Federal agency for Maritime Homeland Security. As such, the Coast Guard's mission, in conjunction with joint and interagency forces, is to protect the U.S. Maritime Domain and the U.S. Marine Transportation System and deny their use and exploitation by terrorists as a means for attacks on U.S. territory, population and critical infrastructure. The Coast Guard will prepare for, and in the event of an attack, conduct emergency response operations. When directed, the Coast Guard, as the supported or supporting commander, will conduct military homeland defense operations in our traditional role as one of the five Armed Services.

This budget submission is aligned with the Strategic Goals and Critical Mission Areas in the President's National Strategy for Homeland Security. The Coast Guard has developed a Maritime Homeland Security Strategy that implements the maritime component of the President's plan and the fiscal year 2004 budget continues to support those goals. It addresses both event-driven and prevention-based operations through the following Strategic Objectives:

—Prevent terrorist attacks within and terrorist exploitation of the U.S. Maritime Domain.
—Reduce America's vulnerability to terrorism within the U.S. Maritime Domain.
—Protect U.S. population centers, critical infrastructure, maritime borders, ports, coastal approaches and boundaries and "seams" among them.
—Protect the U.S. Marine Transportation System while preserving the freedom of maritime domain for legitimate pursuits.
—Minimize the damage and recover from attacks that may occur within the U.S. Maritime Domain as either the Lead Federal Agency or a supporting agency.

The threats to the security of the United States extend beyond overt terrorism. Countering illegal drug and contraband smuggling, preventing illegal immigration via maritime routes, preserving living marine resources from foreign encroachment, preventing environmental damage and responding to spills of oil and hazardous substances are all critical elements of national and economic security. Every dollar directed to the Coast Guard will contribute to a careful balance between our safety and security missions, both of which must be properly resourced for effective mission accomplishment.

Maritime Domain Awareness is the catalyst for effective Maritime Homeland Security and the fiscal year 2004 budget provides the resources to enhance the Coast Guard's ability to receive, fuse, disseminate and transmit intelligence data and leverage our recent inclusion in the National Intelligence Community. It includes new personnel, hardware and software to support the underlying information architecture for Maritime Domain Awareness, funds leased satellite channels and other connectivity solutions for our entire cutter fleet and establishes a prototype Joint Harbor Operations Center (JHOC) in Hampton Roads, VA, to provide surveillance as well as command and control capability for the critical infrastructure in this area.

The fiscal year 2004 request also provides the capability and capacity to conduct layered maritime security operations. Six new, deployable Maritime Safety and Security Teams, for a total of 12 teams, and over 50 Sea Marshals will be added throughout the country to protect our most critical ports. To increase our organic presence in our ports and waterways, we are requesting 43 fully crewed and outfitted Port Security Response Boats, nine 87-foot Coastal Patrol Boats, and the commencement of the Response Boat Medium acquisition, which will replace our aging fleet of 41-foot utility boats. We are standing up Stations Boston and Washington D.C. to increase security and safety in these critical ports where more resources were needed. We will also establish two new Port Security Units, for a total of eight teams, used to support domestic and overseas operations.

Balancing Our Missions

The fiscal year 2004 budget restores the Coast Guard's multi-mission focus to near pre-September 11, 2001 levels. We will utilize performance and risk-based analysis to strike a careful balance between our safety and security. This delicate balance is critical to protecting America's economic and national security by pre-

venting illegal activity on our maritime borders. It will also enable the Coast Guard to maintain its surge capability, which was evident before and after September 11, 2001. One of the Coast Guard's greatest attributes is the innate flexibility to immediately shift mission focus to meet America's greatest threat while maintaining other missions for the American public.

While its primary focus is Search and Rescue, the Rescue 21 project will transform the Coast Guard's command and control capabilities for all mission areas. Coupling this major acquisition with a staffing increase of nearly 400 new personnel at our multi-mission, small boat stations and Command Centers will ensure Coast Guard shore-side command and control networks and response units are properly equipped and staffed for multi-mission effectiveness. We are also requesting funds for the Great Lakes Icebreaker to ensure delivery in fiscal year 2006. The Great Lakes Icebreaker will perform aids to navigation functions as well as break ice to keep this critical commerce route open year-round.

This budget also requests funding to fully train, support, and sustain the Coast Guard's Selected Reserve Force. The Coast Guard increased the number of reservists from 8,000 to 9,000 in fiscal year 2003 and now to 10,000 in fiscal year 2004. The Reserve is significantly more than an augmentation force. It is an integral part of Team Coast Guard and provides daily support of all Coast Guard missions. Today's Coast Guard depends on Reserve personnel for day-to-day activities in addition to a qualified military surge capacity. The Coast Guard Reserve fills critical national security and national defense roles in both Homeland Security and direct support of Department of Defense Combatant Commanders. The Coast Guard Reserve provides the nation's only deployable port security capability and a cost-effective surge capacity for Coast Guard operations, including quick response to natural or man-made disasters, such as floods, hurricane relief, major pollution cleanup efforts, and rapid response to major catastrophes. The Reserve is critical to the Coast Guards efforts to rebalance our mission execution.

The Goal of Operational Excellence

We are facing many challenges in the coming years, not the least of which are the obsolescence of our aging asset fleet; the complexity of recruiting, retaining, and training the talented workforce necessary to execute our missions; and integrating fully into the new Department of Homeland Security.

The President's fiscal year 2004 budget provides immediate capability for our Homeland Security responsibilities and continues to build upon past efforts to restore service readiness and shape the Coast Guard's future. It also demonstrates strong support for both the Deepwater project and Rescue 21. This budget will enable the Coast Guard to maintain operational excellence across all mission areas to meet the America's future maritime safety and security needs.

I close with a quote from the National Strategy for Homeland Security which crystallizes the need for a transformed, multi-mission capable Coast Guard: "The United States asks much of its U.S. Coast Guard and we will ensure the service has the resources needed to accomplish its multiple missions."

The demands continue to grow for the missions that the Coast Guard performs every day. As we strive to meet them, what will continue to remain foremost in my mind as Commandant—even as I sit here before this subcommittee—is the operational excellence of our service to America. That is our ultimate goal.

Operational excellence depends not only on careful partnership and teamwork within the Department of Homeland Security, but it depends also on having the right capacity and the right capability for the missions at hand.

I look forward to working with you to that end.

Thank you for the opportunity to testify before you today. I will be happy to answer any questions you may have.

Senator COCHRAN. Thank you very much, Admiral Collins, for your testimony.

I notice by the clock on the wall that the vote has begun now. We can recess and make that vote in the Senate, and then we will resume our hearing with questions of our panel after that.

The subcommittee will stand in recess.

Senator COCHRAN. The subcommittee will please come to order.

PLAN COLOMBIA

Director Basham, I appreciate very much your overview in your statement about the activities of the Secret Service and the chal-

lenges that you face. In reading your statement, I was attracted to the challenge that you have in Plan Colombia, the work that you are doing in Colombia that is discussed in your opening statement. It goes back to one of your earliest missions as a Service dealing with the integrity of currency, but it is broader than that.

Could you tell us a little bit about the status of that and what your challenges are and how much money we are appropriating or being asked to appropriate in this budget for that activity.

Mr. BASHAM. Mr. Chairman, I cannot give you a specific number at this point with respect to the funding that we are requesting for that activity, but I can tell you that just recently, we were able to recover prior to circulation about $41 million in U.S. currency due to our efforts there in Colombia.

Colombia continues to represent——

Senator COCHRAN. Was this counterfeit money?

Mr. BASHAM. That is counterfeit currency that is produced there in Colombia which, as you are well aware, supports the drug activity. So that locale continues to represent one of the biggest challenges we have with respect to our international counterfeiting problems.

We have, as you may well know, personnel who are assigned there, stationed there, who work very closely with the Colombian officials to assist them in suppressing the manufacture of counterfeiting.

As you said before, our original mandate was to stop and prevent and protect the financial systems from attacks, and that is the same methodology that we apply there, and that is working with the local officials to identify plants and to suppress those plants prior to the currency getting into circulation.

So we continue to work there. We are putting a lot of emphasis in some of the former Soviet Union countries where we are seeing some activity in the area of counterfeiting, but Colombia still represents one of the greatest challenges. I will get back to you, sir, with the information on what kind of funding we are requesting for that activity.

FOREIGN OFFICES

Senator COCHRAN. I notice also that as you talk about global activities that may threaten the integrity of our national financial institutions and system, you have established offices or representation in some 19 different countries, I think your statement indicated.

To what extent do you see these as permanent facilities or permanent assignments, or are they temporary in nature? What is your expectation with regard to that?

Mr. BASHAM. We are constantly reviewing those foreign offices and the effectiveness of those foreign offices to make sure that we are getting the most out of those resources. On occasion, we will be changing the locations of those offices based upon what we are seeing in criminal activity coming from those countries.

The great majority of those offices are permanent, and not only do they support the investigative mission of the Secret Service; they also support the protective mission of the Secret Service,

which gives us sort of a first insight as to what activities may be going on in these relative to our protective role here.

Senator COCHRAN. Is this role to protect high-ranking Federal officials who may be in those countries?

Mr. BASHAM. Actually, it is not in just the foreign countries but also domestically, working with officials in those countries who may be able to give us some warning signs if there is activity being planned for an assault or an attack on people whom we protect here in the United States as well as having liaison with those countries when our visiting officials go there to get cooperation from those countries to work with us to provide protection for them overseas.

COUNTERFEITING OPERATIONS IN IRAQ

Senator COCHRAN. We recently saw in the press the report of the finding of a lot of money in Iraq, a lot of U.S. currency. There was one press report that I noticed that indicated it could be counterfeit, or it might be valid currency. Are you working with the Department of the Treasury or others in trying to determine something about that currency and whether it is an indication of a counterfeiting operation in Iraq?

Mr. BASHAM. We were involved in the very early stages when that currency was discovered in Iraq. We did dispatch personnel there to look at that currency. It was determined early on that the currency was genuine U.S. currency, and therefore, we have sort of backed out of that issue now that it has been determined.

I believe they are in the process now of just trying to figure out a way of counting the currency in country versus bringing that currency out of the country, but yes, that was early on that we were involved and determined it was not counterfeit.

AL QAEDA INVOLVEMENT IN COUNTERFEIT ACTIVITIES

Senator COCHRAN. Have you come across evidence that indicates that the al Qaeda terrorist network is involved in counterfeiting U.S. currency?

Mr. BASHAM. I do not know that I can say, Mr. Chairman, that there has been any direct connection to the al Qaeda network with counterfeiting. We do know that the al Qaeda network has made attempts to get into other types of financial systems through electronics, through trying to tap into those financial institutions. But in terms of a direct connectivity between al Qaeda and counterfeiting, I do not believe we have made that connection.

Senator COCHRAN. You can furnish that for the record if you have information about it that you think we need to know about.

Mr. BASHAM. I will furnish it.

Senator COCHRAN. We would appreciate that.

[The information follows:]

Due to the sensitive nature of the information requested by Senator Cochran, the Secret Service provided this information to the Senator under separate cover.

Senator COCHRAN. I am going to yield now to my colleagues for any questions that they may have.

Senator Murray, you may proceed to question the witnesses, either Commandant Collins or the Director of the Secret Service, as you please.

Senator MURRAY. Thank you, Mr. Chairman.

I note that Senator Byrd is here, and I am happy to defer if he wants to go ahead of me.

Senator BYRD. Walt Whitman said that the greatest thing upon the earth is woman. You were here before I was, so please go ahead.

Let me say while I am talking that I am sorry to be tardy. We had a vote over on the floor, and rather than attempt to make two runs over here, which you might do at age 35, I thought I would just wait and make one.

Thank you.

Senator MURRAY. Well, thank you very much.

NON-HOMELAND SECURITY MISSIONS

Admiral Collins, earlier, I recited the figures from your own quarterly mission hour report that indicate for the year that ended just 4 weeks ago, your efforts in the area of drug interdiction are 42 percent below the September 11 levels, and your efforts at fisheries enforcement are 33 percent below September 11 levels.

In your formal testimony, you state that the President's 2004 budget for the Coast Guard is built around the goal of returning your level of effort to these and other non-homeland security missions to pre-9/11 levels, but the GAO has reviewed the President's budget and does not agree that the enactment of the President's budget will enable you to get back to pre-9/11 levels.

We need to set the record straight, so I want to ask you if we enact the President's budget in full and provide you with the second year of historic increases for the Coast Guard, will your quarterly mission reports show us that drug interdiction and fisheries enforcement have returned to the levels that existed prior to September 11, 2001?

Admiral COLLINS. Let me equivocate a little if you would allow me. I think it is relative to risk. Part of this accounting that we have had over the last 18 months relative to activity levels—and that is one way to measure mission balance; there is budget allocation, there are activity levels, and there is performance, and I think you have to look at all three—but if you look at activity, clearly, the snapshot was taken in a year, as I mentioned in my opening statement, of momentous change, of dramatic impact, of significant threat, and we were at many periods during the course of that time at orange threat conditions, obviously, and in the immediate aftermath of 9/11, the whole country was ramped up across the board. I would submit that if you looked at the activity level of every police department and every law enforcement organization in this country, you would find a similar spike given the scenario. And then, there were a couple of oranges and then Operation Liberty Shield, which was invoked in conjunction with Operation Iraqi Freedom.

With all of those, it is a very unusual time to be doing this kind of accounting, so to have a spike in the homeland security mission

I think is reasonable, appropriate, and I think a natural thing to do during that timeframe.

Where did they come from? Most of that accounting is from redistributed major cutters from the fisheries mission and from the drug mission and from the migrant mission, and that is where they were taken from. We are maintaining our SAR posture.

With the fiscal year 2002 supplemental, the fiscal year 2003 budget, and the fiscal year 2004 budget, it is a 30 percent increase, and by any standard, I think that is an unprecedented support by the administration and Secretary in terms of moving us up a glide slope that provides us the capability and the capacity to do our job.

I am very happy with the level of support that they provided last year, this year and through the supplemental. I think we are going to close those gaps that we had, and we are going to get near pre-9/11 levels. I think there will still probably be some discontinuities in terms of exact level relative to particularly some of the law enforcement, fisheries, and drug mission in terms of the amount of activity we will be able to allocate, but we will be closing the gaps significantly. These are substantial increases that will allow us to return to normal.

I would also stress that it assumes what we call Maritime Security Condition 1. We have three levels of security built into the International Code of Security for Ports and Vessels, and they are going to be built into our rulemaking that supports the Maritime Transportation Security Act. That is assuming a Maritime Security Level 1. If you go to 2 or 3, or if there is a sustained level of higher state of risk, then we are going to reallocate again. And I think that is what the American people want us to do is allocate our resources to risk.

So I think we are going to be not exactly to levels. We will be approaching those levels at the MARSEC 1.

Senator MURRAY. I agree that we need to allocate our resources to risk, but I also very strongly before homeland security passed, working with Senator Stevens and others, wanted to make it very clear that we cannot reduce our levels of effort in our other missions in order to accomplish this. We need to know what it is going to cost us to make sure that you can do all of your missions.

So let me ask you, because in the past, the Coast Guard and other agencies in the administration have carefully estimated the amount of drugs entering our country and the number of illegal encroachments of foreign fishing vessels into U.S. waters. You have done that to measure the effectiveness of your efforts. So what have you observed regarding the likelihood of drugs entering our country and illegal encroachments on U.S. fishing grounds as a result of your greatly diminished efforts that we have seen in these two missions over the last year and a half?

Admiral COLLINS. To answer that question, Senator, I think you would go to that third dimension of how you look at mission balance. And I mentioned budget, activity level, and performance. Our activity level over the last 18 months, because of the impact of homeland security, certainly our activity levels have been down for counter-drugs, and fish.

The performance has been pretty consistent, however. If you look at our performance in terms of seizure rate, recovery rate—I am

talking about drugs now—or, excuse me, removal rate, and that is both deterrents, those that were thrown over the side, or those we actually seized, we had last year the third highest cocaine seizures in U.S. Coast Guard history—72.2 metric tons—and our removal rate has been fairly consistent between 20 and 25 percent.

So in terms of performance, I think we had a very, very credible performance even in the face of some of our cutters being pulled off that mission. Now, the question is how did you do that, and I think there are a couple of answers to that.

One is tremendous partnering—I mentioned capacity, capability and partnering are key to balancing our mission—tremendous partnering with the United States Navy and with allies. If you look today, we have nine ships in the deep Caribbean and the Eastern Pacific right now, today, doing counter-drugs. And incidentally, we have 18 cutters underway today around the country. Fifteen of those 18 cutters are doing non-homeland security missions—15 of the 18. So as we speak today is an indication of how we are returning back to our normal posture.

But let me get back to drugs, the reasons. We have a partnership with the United States Navy. We have Coast Guard law enforcement detachments on those Navy assets. We have Coast Guard law enforcement detachments on the allied ships, three, and our three vessels. That is a tremendous team, and those law enforcement detachments do not show up in the activity stats, but there is a tremendous outcome from that partnership.

We had a British oiler down in the EASTPAC, allowing us to have a gas station far from anything, so we can get our ships refueled and staying in the game.

So I think with better intel, great partnerships with the countries around the Caribbean Rim, we are getting better at this mission. We are putting metal on target, if you will, and getting great performance outcome.

Having said that, if you had more capacity, could you get even more outcome? The answer is yes. But I think our performance is very, very, very credible, and we have tried to manage the dimensions of our mission so we can ensure the appropriate outcomes.

If you switch to the migrants, if you look at the number of migrants seized over the last 3 years, it is consistent with previous patterns. We have interdicted 2,800 migrants to date in 2003. That will put us in a course above previous levels. We have been interdicting about 4,000.

So we are not abandoning those missions, and the performance is still there.

FISHERIES ENFORCEMENT

Senator MURRAY. What about fisheries enforcement, though?

Admiral COLLINS. Fisheries enforcement is down, clearly. That is one of those areas that we have pulled cutters off of. We maintain minimums in certain areas. For example, the Bering Sea and the enforcement of the Maritime Boundary Line—we have a one-ship continuous presence in the Bering, and we have maintained that. That has not gone down. We have a half-ship presence, as we call it, in the rest of the Alaskan waters, and we have maintained that.

So there are critical areas that we have maintained and other areas we have backed off. Is it where we want to be steady-state? No. We want to return to there, and as I have noted today, again, 15 of the 18 ships are back doing normal business, and nine of them are doing fisheries missions today.

Senator MURRAY. My time is running out, but the GAO did quote Coast Guard office officials stating that the decline in both drug enforcement and fisheries enforcement can be attributable not only to your heightened homeland security requirements but also to the deployment of resources for military operations. I assume some of those ships are going to be coming home, but can you tell me when we expect to see the high-endurance cutters return?

Admiral COLLINS. The exact dates are still up in the air and being decided, but it will be in the near term, not in the intermediate or far term. As to exact dates, there are logistics issues and other issues that we are working out, but they will be on their way home very, very shortly, and they will be turned back into non-homeland security missions.

Senator MURRAY. Thank you very much, Admiral.

U.S. COAST GUARDS WORKLOAD

Mr. Chairman, this is extremely important. We are asking the Coast Guard to do a tremendous amount of work. Obviously, they have been involved in the Iraqi efforts, and they are involved around the world. We are asking them to do fisheries enforcement, drug enforcement, search and rescue. We have given them more money, but I am deeply concerned that the numbers we are seeing coming back are saying that some of the critical missions that we are asking them to do are not taking place, and I think this Committee needs to look carefully at that and make sure that we budget the amount of money for the Coast Guard to do the homeland security jobs as well as all the other missions that we are asking them to do.

Senator COCHRAN. Thank you, Senator Murray.

Senator Byrd.

Senator BYRD. Thank you.

WOMEN

Senator Murray, I mentioned Walt Whitman a little earlier. Walt Whitman said, "Man is a great thing upon the earth and throughout eternity, but every jot and tittle of the greatness of man has unfolded out of woman."

Woodrow Wilson, who was the President of this country, a great President, when I was born, said he wouldn't give the snap of his finger for any young man who was not surrounded by a bevy of admiring females.

Not many of the gentlemen in the audience laughed at that, did they? What is the matter with that crowd out there?

Mr. Chairman, are you taking questions for both witnesses?

Senator COCHRAN. Yes, sir.

Senator BYRD. All right. Very well.

I guess the Secret Service is first, is it not, today?

Senator COCHRAN. Yes, sir. They testified first.

U.S. SECRET SERVICE

Senator BYRD. All right. I welcome Director Basham. You are going to be in for a tough time.

The Secret Service has long been an agency focused on homeland security. Since its creation in 1865, the Secret Service has protected our financial infrastructure and later took on the protective mission to safeguard our Nation's leaders and leaders from other countries.

As the Secret Service is new to the Homeland Security Department, its functions are new to many of the members on this Committee. And I have to say that with the inclusion of myself, although I have been on the Committee—this is my 45th year; I am the grand-daddy of them all when it comes to length of service on this Committee—and my mom used to say, "A self-braggart is a half-scoundrel."

I was trying to think of that great athlete who said, "It is all right to brag if you have done it."

Senator COCHRAN. Dizzy Dean.

Senator BYRD. Dizzy Dean, right.

So over the past 5 years, the Secret Service has grown substantially. Between fiscal year 1998 and fiscal year 2003, the Secret Service has grown in size from 4,800 to 6,100 employees, and its budget has grown from $564 million to just over $1 billion.

The Secret Service has over 3,000 special agents and nearly 1,200 uniformed officers all across the country, working on protective detail, on financial investigations, and protecting the White House complex and the Vice President's residence.

September 11 resulted in a significant increase in your mission requirements. Protective detail assignments have increased. The number of National Special Security Events has increased. The passage of the USA PATRIOT Act set additional requirements to protect and prevent terrorist attacks aimed at our financial systems.

And today you are presenting a budget of $1,123,000,000—that happens to be $1.12 for every minute since Jesus Christ was born. Can you compute that fast? It is pretty easy—reflecting many of those changes, and the Committee looks forward to discussing this request with you now and on a continuing basis as long as it is necessary, as well as your many homeland security activities.

Now, as to the Coast Guard, I welcome the Coast Guard Commandant. The Coast Guard has a long tradition as protectors of our ports and waterways. At no time in its history has the Coast Guard relied on its assets more than it does today. With the expanded mission of homeland security, the Coast Guard has increased patrols, enhanced its port and waterway presence, increased vessel boardings, and pushed legacy assets to their limits.

All of this happened at the same time that the Coast Guard started to modernize and replace an aging fleet. The Coast Guard is also supporting our efforts in the Middle East by providing eight patrol boats, two high-endurance cutters, and a buoy-tender.

Admiral Collins, even with the substantial budget increases provided to the Coast Guard since September 11, many concerns remain about your operational capabilities. Maintaining your non-

homeland security missions at pre-September 11 levels has been a struggle. The Coast Guard's first quarterly report on mission hour emphasis revealed that efforts have decreased significantly in areas such as drug interdiction, marine safety, fisheries enforcement, and marine environmental protection.

The Deepwater Program is approximately $200 million behind and at current levels could slip to a 30-year program. If the Deepwater Program continues at current levels, the success of the program could be in jeopardy.

In addition, to make room for the high cost of the Deepwater Program, funding for shore facilities and aged navigation projects has been eliminated.

With regard to strengthening port security, the Coast Guard has estimated that it will cost $1.4 billion in the first year and $6 billion over 10 years. Although funding for this purpose is not a direct responsibility of the Coast Guard, it is a homeland security priority.

One of the entities folded into the new Department of Homeland Security is entitled the "Transportation Security Administration," not the Aviation Security Administration. Yet, within the $4.8 billion TSA budget, only $86 million is requested for maritime and land security activities, while over $4.3 billion is required for aviation security.

So, Admiral Collins, as the leader in maritime security, the Subcommittee challenges you to work to ensure that port security is given greater emphasis in future funding requests.

For port security assessments which are mandated by the Maritime Transportation Security Act, it took Congressional action and $38 million in the recent fiscal year 2003 Emergency Supplemental to ensure that these assessments will be completed in a timely manner. Under the President's budget, port security assessments would not be completed until 2009.

Finally, Coast Guard employees do a tremendous job with the resources given to them, but I fear that they are stretched too thin. Secretary Ridge has said that another attack is inevitable. If the Coast Guard were to operate under a Code Orange scenario for an extended period of time, non-homeland security missions could be left unattended.

Admiral Collins, I realize that you are doing everything you can with the resources at hand, but you and this Subcommittee needed to confront these issues head-on. Of course, Coast Guard employees do extraordinary work. They are the lifeblood of our ports and waterways, and millions of Americans depend upon them every day. But the Coast Guard needs the assets and a secure infrastructure to do their job as effectively and efficiently as possible.

Mr. Chairman, do we proceed with questions?

Senator COCHRAN. Senator, I suggest you proceed with questions, and you are recognized for that purpose. I have asked a few of the Secret Service. I have not asked any questions of the Commandant. We have heard opening statements from both of them, and Senator Murray has made a statement and asked some questions.

You may proceed.

Senator BYRD. Very well. Thank you.

NATIONAL VESSEL DOCUMENTATION CENTER

Let us begin with Admiral Collins. Last year, the Coast Guard submitted a so-called competitive sourcing plan to the Office of Management and Budget that listed 99 full-time equivalent at the National Vessel Documentation Center, NVDC, in Falling Waters, West Virginia. Have you ever been there?

Admiral COLLINS. Yes, sir.

Senator BYRD. Well, I was there when we dedicated that function, and there came a heavy rain, a downpour, a huge storm. They had a huge tend there that would have seated several hundred persons. And this huge storm came up, and the winds blew—do you remember how the Bible describes, "and the winds blew"—and several ladies were very kind to my wife, and they ushered her into a side door in the building that was there, so she was taken to safety. I watched carefully because I was concerned—after all, she will have been my best friend and my wife 66 years come 1 month from yesterday.

So there was the wind and falling waters. So the place was appropriately named, you see, Falling Waters, West Virginia. The waters fell that day.

One day, I was over in West Virginia, and there was a drought over in the central part of the State. There had been a drought, and I made a big speech—I do not make many big ones, but this was a great speech—and I came to a point, Mr. Chairman, where I said, "and then the rains came." And don't you know that the Creator was cooperating with me that day, and the rain started falling at that moment, and the rain came.

So Falling Waters is the place, Falling Waters, West Virginia.

COMPETITIVE SOURCING AT NVDC

You proposed to convert the NVDC into a Government corporation, which was viewed by many Federal workers as a first step toward contracting out the work of the NVDC. I have serious concerns about the administration's efforts to contract out what are inherently governmental functions, and I stated those concerns yesterday when Secretary Ridge was before this subcommittee.

The NVDC effectively bestows citizenship on vessels at sea which affects international trade, diplomacy, national security, and a host of issues that fall under the purview of the Federal Government. This is not a function that should be exercised by contractors or Government corporations which operate outside congressional oversight.

I wrote to you last October about this issue, and you replied that the Coast Guard, after discussions with the OMB, was reconsidering the conversion of the NVDC.

Now, in light of the fact that Secretary Ridge in testimony before the subcommittee yesterday said that he was unaware of any underlined—any current plan within the new Department to contract out security services, what are the Coast Guard's privatization plans with regard to the NVDC, and to what extent are these plans a result of the OMB competitive sourcing initiative?

Admiral COLLINS. Senator, of course, all of our competitive sourcing programs are in support of the OMB and the President's

Management Agenda. That plan has been in various forms and various things on that, as you correctly note, and initially, NVDC was on that.

The current 2003 plan—and basically, the competitive sourcing plan-is a plan to conduct studies scheduled for completion here in late 2003 and early 2004 contained to three particular areas within the Coast Guard, none of which involves NVDC. There is one in a public works function out of the Coast Guard Academy. There is another study of a public works function at our support center in Elizabeth City, North Carolina, and there is another looking at our retired services, pay services, at our pay center in Topeka, Kansas. And it is basically not huge numbers of people being looked at—42 in the Academy—these are civilian positions—41 at the support center in Elizabeth City, and 36 in Topeka.

So these studies will run their course, and they will determine what the recommendation is after doing the studies. The 2004 competitive sourcing plan is yet to be configured, and it depends on the planning guidance that we get from the Office of Management and Budget on direction from them on putting that together. That will be put together later this summer.

So the news is three studies for those facilities that I have noted and NVDC not a part of that.

Senator BYRD. And what does that mean?

Admiral COLLINS. That means we will wait until the outcome of the studies to see what they say in terms of a recommendation on outsourcing or not. We cannot prejudge what the studies are going to say, but it is for those functions in those commands that I have noted.

Senator BYRD. Are you saying that the jury is still out on the facility at Falling Waters?

Admiral COLLINS. I do not know what the 2004 list is going to look like, and that will depend upon guidance from the Office of Management and Budget and how we configure our list.

Clearly, they have given us some direction on some of the things to extract from the previous inventory of potential studies, and we have done that, and I would suspect they will be consistent with that going forward. But it is yet to be determined at this point.

Senator BYRD. Would you say that the Office of Management and Budget is Mount Olympus in this Administration?

Admiral COLLINS. I do not know if I——

Senator BYRD. Does it strike you that the Office of Management and Budget is all that important in this Administration and that your guidance will down from on high from the ethereal atmosphere of Mount Olympus?

Admiral COLLINS. Certainly I respect the guidance and the direction of OMB regardless of what Administration is at the time. They are involved with management issues, management initiatives, and coordinating that effort through the Federal Government, and we try to adhere as best we can to the guidelines that they give us.

Senator BYRD. Do you feel that the testimony that you are giving in response to this question is parallel with the testimony of Secretary Ridge yesterday on this point, or do you think there is any point of difference?

Admiral COLLINS. Because I was not here at the hearing yesterday, Senator, I——

Senator BYRD. I stated a moment ago what he said.

Admiral COLLINS. Yes, that he was not aware. I do not know what his level of knowledge was. I will take that statement as accurate, sir.

Senator BYRD. So once again, how shall employees at NVDC understand what you have said here before the committee today?

Admiral COLLINS. I think they have to take it at face value. They are not on the study list, they are not on the inventory list, they are not planned for an assessment, and that is the current state.

Senator BYRD. The OMB scores agencies on how well they comply with the President's management agenda. Agencies are encouraged to submit management plans to the OMB and to meet the competitive sourcing targets outlined in the President's budget. The OMB has informed me that these plans, while submitted to the OMB for approval, can be released to the public at the discretion of the agency heads.

This subcommittee is asked to appropriate $6.8 billion to the Coast Guard to employ 43,450 full-time equivalents. Before we do that, I expect that you would provide this subcommittee with a copy of any management plan or competitive sourcing plan that the Coast Guard submits to the OMB.

Admiral COLLINS. Sure.

Senator BYRD. When do you—when you say "Sure," what does that mean?

Admiral COLLINS. Yes, sir, we would be glad to submit that to you.

Senator BYRD. Very well. When do you expect to submit your next management plan to the OMB, and how soon can you make that plan available to the Appropriations Committee?

Admiral COLLINS. It is my understanding—and I will have to confirm the exact timing of this—I believe, Senator, it is in the late July/August timeframe.

Senator BYRD. Tuesday's New York Times points out that there seems to be a revolving door at the new Department of Homeland Security, with former top Federal officials walking out the door 1 day only to walk in the door another day as a top corporate lobbyist.

With growing concerns about the reach of special corporate interests in this Department and others, I urge you and others in the Department leadership, the top leadership, to find a way to board up that door as you possibly can.

The motto of the Coast Guard is "Semper Paratus"—"Always Prepared." That is kind of like the Boy Scouts' motto, isn't it—"Be prepared."

Admiral COLLINS. Close, Senator.

Senator BYRD. That motto is not "Always Privatized." It is "Always Prepared," not "Always Privatized."

Admiral Collins, the Coast Guard is a key part of the Nation's homeland security network. You and the men and the women under your command have the task of guarding our seaports and coastlines. And this is not a mission that should be driven by a private company's profit margin.

What I am saying is really an admonition to people out here in this room today, probably. This is not a mission that should be driven by a private company's profit margin. This is a mission that should be first, last, and always driven by the security needs of the Nation. While it may be important to receive high marks from the OMB—and I suppose you might gather that I do not have a great deal of love for the current top management of OMB—and to comply with its directives to contract our Government services, it is far more important that the Coast Guard receive high marks from the American people in the protection of this country. And you have received high marks. The Coast Guard stands at the apex of agencies and departments and functions within the Government that people on the Appropriations Committee have great admiration for and confidence in.

I think I will just submit my questions on the Secret Service, Mr. Chairman.

Senator COCHRAN. Thank you, Senator Byrd.

Senator Stevens, welcome.

Senator STEVENS. Thank you very much.

I am pleased to be here with you, Director Basham and Admiral Collins. I have some provincial questions, really, which should not be unanticipated.

INCURSIONS IN NORTH PACIFIC

There has been a significant number of incursions in the North Pacific in the fishing grounds, as a matter of fact, an increasing number of foreign vessels coming across the maritime boundary line. There were in particular incursions of several Russian pollack factory trawlers that I am sure you recall had to be cut off in really hot pursuit concepts with the Coast Guard cutter Rush. I congratulate you for those activities.

UNMANNED AERIAL VEHICLES

However, I am concerned about that, and I wonder if it is not time to look at some high-tech concepts to increase the surveillance and decrease the potential for incursions. For instance, I have suggested the use of Predators to patrol the boundary line and to have on board warning capability to warn foreign vessels that they were now entering U.S. waters, and if they continued, that they would be pursued and arrested.

Those are very inexpensive—they are even less expensive than the Global Hawk; the Global Hawk flies too high in my opinion to have really good aero-surveillance.

Have you looked into that concept? Are we going to go into any new technology to make up for the decrease in effort we have from the Coast Guard in the North Pacific?

Admiral COLLINS. Senator, we have maintained and intend to maintain the one-ship presence up on the boundary line that we have committed to. We have not moved away from that, and we continue to do that, and it is in our plans going forward.

But clearly, you are absolutely right. I could not agree with you more that we can be increasingly effective with the increasing threat on the boundary line with technology. There is absolutely no question about it. And UAVs, I think we have seen around the

planet how effective the UAVs are in other applications, and I think it is a wonderful application there.

As you know, Senator, UAVs are an integral part of our Integrated Deepwater System Project. The national security cutter that we are building has embedded in those two vertical take-off UAVs as part of the design. Now, they are a few years out in terms of production and marriage with that new asset, but clearly, that is recognition in that project of how important UAVs will be for the Coast Guard now and into the future, and we really want to get that capability. It is a terribly important capability, and there is application in fisheries, there is application in migrant interdiction, there is application in counter drugs.

So it is terribly important technology to go after. The current plan, of course, in getting that is our Integrated Deepwater Systems contract. The Predator I understand is a hot commodity, a high-demand commodity, and you have to wait in line in terms of production capacity to get one of these. I know the program manager for those is, of course, in the United States Air Force. But they are a high-demand asset, and currently we do not have funds in the budget to procure Predator other than our Deepwater Initiative, and there is this demand capacity issue associated with it.

But I could not agree with you more, Senator. My opening statement was that we need capacity, capability, and solid partnership to have good mission balance, and part of the capability piece is using technology well, increasing our surveillance capability, and increasing surveillance capability is the heart and soul of our Deepwater project.

Senator STEVENS. Well, respectfully, Admiral, that is half the coastline of the United States, with more than 50 percent of the naturally-produced fish that Americans consume coming from that area, and we have one ship on half the coastline of the United States. We have the highest level of lives lost in any occupation in the country, and we have the greatest impact from foreign sources on the future of our product, of the species that we harvest ourselves.

We have environmental groups now suggesting that we decrease our efforts because we have no way to control the foreign efforts. Now, somehow or other, a plan has to come forward. I am going to ask the committee to request that you present a plan to us for the modernization of the surveillance of these waters, and I think it would be cost-effective.

I do believe that with what we are seeing now in Iraq and other places in the world, the military demand for Predators is going to go down. I assume that we are going to replace the ones that were lost, but I do not anticipate any expanded need for the Air Force or any of the military operations in the near future—and the line is up right now. I think you get a better price for Predators in the next 2 years than you will in the following 10 years, because they have their line expanded for increased production.

I do hope that the committee will support that concept and that it will push you toward having the greatest use in new technology in surveillance of the maritime boundary.

FOCUS ON NON-HOMELAND SECURITY MISSIONS

Second, I asked the GAO to look into the question of the decline in mission hours for drug interdiction, fisheries enforcement, marine environmental protection and marine safety. I am sure you have seen that report. It is my understanding that we all thought that that was the result of 9/11. The GAO report shows that beginning in 1998, the hours dedicated to resource protection started to decline, and they have been on a slippery slope downward ever since.

So this is somewhat related to the marine boundary but not totally. This is a national problem on all of our shores for drug interdiction, fisheries enforcement, marine environmental protection, and marine safety.

I would like to ask is there any way we can balance the demand for these non-defense missions so that there is not a continued decline now? With your new responsibilities in homeland security, it appears that the decline is becoming steeper, and I would like to reverse that or at least level it off.

Can you give us any understanding of what is going to happen to the resources dedicated to these kinds of activities?

Admiral COLLINS. Yes, Senator. Clearly in the 1998–1999 timeframe, or pre-9/11, those resource hour drops were a direct reflection of a decreasing budget. In other words, we had budget cuts as we were laying up ships, if you recall, in those budgets. So there was the pressure of the budgets, and we were getting operational cutbacks, and we were laying up assets. That was part of the pre-9/11 problem.

Post-9/11 clearly is the security demands of the Nation, and all law enforcement agencies across the country, armed services, pulsed into that issue in the immediate 9/11, and so did we—we surged into that area. And we have had a number of Orange alerts, clearly, since then, and they require a ramping up of diversion of our boat hours and ship hours and aircraft hours into that area, so we have done that. We had Liberty Shield, an operational order that was put into effect consistent with and concurrent with our war in Iraq.

So this post-9/11 period, this 18 months, is a fairly unusual period, a snapshot. It is a period of very, very high threat in the homeland security arena, and the Coast Guard surging into that area over time to provide the protection that America needs.

We did in fact have to take those cutters from other missions. They are now back—a good portion of those cutters are back—doing the non-homeland security mission.

I noted earlier, Senator, before you came in, that today, if you took a snapshot, we had 18 cutters deployed this morning around the country, in the Caribbean and Eastern Pacific and through Alaska, and 15 of those 18 are doing non-homeland security missions, and 9 of them are doing fisheries missions.

So the message here is that we have now backed out from Liberty Shield, we are now off of Code Orange, and we are allocating cutters back into the non-homeland security missions as we should. So it is a dynamic process. We are allocating our resources to the risk.

The other good part of the story is that we have through the fiscal year 2002 supplemental, the fiscal year 2003 budget, and the fiscal year 2004 budget, additional capacity that the Senate has provided and the House has provided, so we are building up our capacity to do both. The trend is a good one. We will not be exactly there at the end of 2004 to be exactly at the pre-9/11 allocation levels, but we will be pretty close. So the full intent is to balance our mission, build up our capability and capacity—capacity meaning more people, more assets, capability meaning things like technology and new types of units—to have the kind of mission balance we need in our waters.

So our full intent is to balance, balance, balance, and we appreciate the Administration's support and Congress' support in helping us build up our capacity so we can do that.

RELATIONSHIP WITH THE NEW DEPARTMENT

Senator STEVENS. One of the things we fought for—not only here in this committee but in the Governmental Affairs Committee when I participated in the homeland security bill—was to assure that we would maintain the independence of the Coast Guard. Tell us about the development of the relationship of your service to the new Department.

Admiral COLLINS. I just think it is terrific, Senator. I could not be more pleased with the support of both the Secretary and the Deputy Secretary, the incredible collaboration across all of our agencies in the new Department.

I just think it is again the right place for us to be and the right time for the Coast Guard to serve America. I remain a direct report to the Secretary. I am on a par with the other Undersecretaries in the Department. The Secretary is very cognizant of our full range of missions. I think every time he has come up to testify, he has said, "We need to support the full range of Coast Guard missions," and I commit to that.

So I think terribly supportive of the United States Coast Guard. I think our credibility is very, very high within the organization. We are committed team players, committed to the team's success.

I am very, very pleased with where we are, Senator.

Senator STEVENS. I have just two more questions, Mr. Chairman.

IMPORTATION OF GAS FROM FOREIGN ENTITIES

One item that has just come to my attention is the projection for the increased demand for natural gas from offshore. One of the think tanks up in Alaska has just given me a projection that we will soon see the increase occur on a steady basis and that places like Qatar will be the source of liquefied natural gas that will come more and more to our East Coast.

I know you have the whole concept of your offshore ports and the concepts of deepwater, but are you planning ahead for what is going to be the problem of our country as we see—we are already importing about 56 percent of our oil; if this projection is correct, by 2015, we will be importing 40 percent of our natural gas, and it will be liquefied and coming into the same ports that the oil is coming into. You talk about homeland security and the terrorist

problem, my God, as a matter of fact, there are two novels that have already been written on that, as I am sure you know.

In your plans, are you looking ahead at not only the problems of security but also the problems of handling that much imported gas?

Admiral COLLINS. Yes, sir. Of course, the Maritime Transportation Security Act that was just passed last fall and signed by the President in late November provides an extension of the deepwater ports regime to natural gas. It was heretofore crude. So we presently have two applications for Deepwater LNG, and we are processing that under the terms of the Act. In addition, there are additional ports throughout the country that are moving to that—of course, LNG has been delivered into Boston for some time; Cove Point in the Chesapeake Bay is another area to deliver to and has been recently on a track to be approved; Savannah receives gas, and there are ports in the Gulf. So there are additional ports, and in each case, we have looked through the safety and security dimension. Cove Point is an example. I know that Senator Mikulski was very intimately involved in overseeing the assessment both from a security and a safety perspective of LNG coming into Cove Point.

We did an exhaustive assessment. We partnered like crazy with every stakeholder we could imagine in the area. We looked at it upside down, sideways, and every which way you can, in providing the necessary safety and security provisions, and I think we have that one right, and I think it has been agreed to across the board by almost everyone who looked at it that we have got that right, and that from a safety and security perspective, it is reasonable.

Part of our rulemaking to support the Maritime Transportation Security Act—rulemaking that I mentioned earlier in my statement, the final rule by November—that rulemaking will address offshore dimensions, so we will have as part of that rulemaking from a security perspective how we provide for and what are the regulations associated with security in the offshore.

It is an evolving thing, a dynamic thing, Senator, and you very correctly point out that it is tending to be a growth area, and we are following the terms of the Maritime Transportation Security Act.

Senator STEVENS. Thank you very much.

Thank you for your patience, Mr. Chairman.

That statistic he used that nine of the vessels are dedicated to fisheries enforcement, and one of them is in an area that is half the coastline of the United States, comes back to my original problem. I did go to the Predator factory, I talked to the Predator people, I asked them what the capacity of Predator was. They told me that we could have slings under the Predator that would carry lifesaving devices. They told me they could carry buoys that could be dropped to a ship that is obviously sinking so that the follow-on rescue would not have to spend hours trying to find the location. They told me we could have loudspeakers that could be operated from the shore, as I said, to give a warning as people came in. They told me we could have photographic capability on board to take a photograph of them with a GPS marker so that we would have to

have no more proof of the violation after you go back across the line in hot pursuit.

In my judgment, the use of high-technology in the Predator will make up for that imbalance in terms of the assignment of your vessels. So I urge you to get us a plan, but moving forward in that area and using that kind of technology. It will not increase your manpower. It will not increase your costs except in terms of acquisition costs of new technology. And the people who operate those, as you know, could be sitting in San Diego and work on the Predators that are over the waters of Alaska.

It is an entirely new concept of life-saving and protection of our resources that I think we have got to move into as rapidly as possible.

Thank you very much, Mr. Chairman.

Admiral COLLINS. Thank you, Senator. We will take that for action. We are almost as enthused as you are, Senator, about that technology, and I would rather have it sooner than later. I think it is a tremendous force multiplier for us, and we will get busy with our pencils and develop a concept for you.

Senator STEVENS. Thank you.

Thank you, Mr. Chairman.

Senator COCHRAN. Thank you, Senator Stevens. We appreciate your contribution to the hearing.

COAST GUARD DEPLOYMENT OF ASSETS IN IRAQ

In the supplemental, Admiral Collins, you received $400 million for work in connection with the Iraqi war, and the Coast Guard deployed vessels to the theater. I assume you are in the process now of reclaiming some of those for their traditional functions closer to the United States.

To what extent are you in transition, and do you intend to have other assets deployed to that region in the near future as part of the reconstitution of a government and making available whatever assistance our national interests indicate are appropriate?

Admiral COLLINS. The existing resources that we sent over there, the two high-endurance carriers, the eight patrol boats, the buoytender and so forth, will all come back, and there are plans being discussed now with the joint staff on just how and when and what are the logistics associated with those. So we anticipate in the near term, they are coming back.

I think it is likely—and I have talked in a conceptual way with the joint staff on this—that they will ask for us to support some of the maritime security initiative in a post-war setting. In other words, one of the things we have done around the world is to assist other nations in establishing coast guards. We have been doing that since World War II. The Japanese Coast Guard was set up by the United States Coast Guard as part of MacArthur's occupation.

We have been doing that ever since in selected places. We are in Yemen, where we have an advisor establishing a Yemenese Coast Guard. So I think that, yes, in the long-term, the initial assets will be coming back that we sent over, and there is likely to be some assistance that we can provide in establishing maritime security there.

We will probably rotate on a recurring basis in and out. We have, as you may know, Senator, in the last 10 years or so, had Coast Guard presence in the Arabian Gulf to enforce the UN resolution against Iraq in enforcing that embargo. So we have been there for a long time. What the future has in store is under development.

PORT SECURITY ASSESSMENTS

Senator COCHRAN. The supplemental bill also provided funding, $38 million, for the completion of the port security assessments here in the continental United States. To what extent is that funding available to you to fulfill your responsibilities? Do you have enough money to complete those assessments, and if so, when do you anticipate the completion will occur?

Admiral COLLINS. Senator, we expect the completion no later than the end of calendar year 2004. We are very, very thankful for the support of the House and the Senate for that supplemental increase. That allows us to get those port security assessments on track and done in an expeditious way. It was the right call. We thank you for the support. We are, as we speak, aggressively making the contractual modifications to ensure that the contractor that we have—it is a partnership with Northrop Grumman; they are doing assessments—they can roll those out to ensure we get them done. But the game plan is to get that money on contract, and get them done by the end of calendar year 2004.

Senator COCHRAN. Is there an order of priority? For example, I think about the naval station at Pascagoula on the Mississippi Gulf Coast, and Charleston, South Carolina—I know Senator Hollings has expressed concerns about that—and I have read reports about the challenges in Miami, Florida, with the large numbers of cruise ships that come in there as well as the containers. Are these areas of high priority, and do you foresee that there will be some kind of ranking or assessment of priorities as you proceed to do your work?

Admiral COLLINS. Right, and we will be glad to provide to the committee, Senator, the full list of the 55 ports, in what order we are doing it and what the criteria were for that order. We will be glad to provide that for you.

[The information follows:]

The list of 55 ports has been classified as either For Official Use Only or Secret based on how the list is organized. The Coast Guard will provide the information separately in an appropriate forum.

Admiral COLLINS. We are doing 55 what we call Tier 1 ports in terms of volume, critical infrastructure, and a whole host of other variables, and those are the ones that we will do within calendar year 2004. In addition, we have 47 captains of the port around the country, and they are designated by the Maritime Transportation Security Act as the Federal maritime security coordinators for those areas. Every one of those Captains of the Ports already has used what we call the port security risk assessment tool that was developed in conjunction with our Research and Development Center in Groton, Connecticut and American Bureau of Shipping. It is really a neat tool. Every captain of the port has used it in advance of these studies. So we did not want any dust to settle. We did not want to sit on our hands. We really wanted to have some kind of

baseline assessment, as immediate after 9/11 as we could. So the captains of the ports have been busy partnering with all the stakeholders in the port, using this tool, identifying risk, determining intervention strategy even in advance of the rulemaking. I think it is really a positive thing, and what we are trying to do is do these things in parallel, not in series, and have things fold out so we have a robust position in our ports.

INTEGRATED DEEPWATER SYSTEM

Senator COCHRAN. I know that as a part of your modernization effort the Coast Guard has projected the Integrated Deepwater System to be a 20-year program to replace or modernize aging and technologically obsolete assets of the Coast Guard. That is a very sizeable undertaking and plan.

I notice that some are saying that the funding is not at a level where it should be. Some have suggested $79 million in additional funding could have been used in this fiscal year to get the program moving.

Do you think that in the 2004 budget request, you have sufficient funding requested for this program?

Admiral COLLINS. We have funding that keeps very, very strong momentum going on this program. Five hundred million in a relative sense, looking over the past number of years for our capital account is a pretty sizeable chunk of money for one, single Coast Guard project.

So I am very pleased that we have the support to move ahead aggressively on it, and of course, the more money you put on it, the faster you get the project done. The project was designed, Senator, under sort of boundary conditions so that all three teams that were competing, three consortia, could have the same planning factors. We said design a system that guarantees the operational output of the system at a certain level, baseline level—98 was the baseline—do it at the lowest total cost of ownership, and do it for a capital cost of $500 million a year and $1 billion total operating cost for the system.

Those were the design parameters. All three of them designed to those design parameters and presented those, and we awarded the contract. To keep with that notional design, you would have to get $500 million a year in fiscal year 1998 dollars, plus project management costs. So if we are below that notional planning, the design of the system has to be morphed, and it is morphed by being stretched.

So that is where we are. We did not get exactly that notional planning level, so the project is stretched a bit. Now, in the Homeland Security Act of last fall, that Act required that we submit a plan, the feasibility of accelerating Deepwater and moving it from a 20-year to a 10-year project. That report has been submitted—it was the first report submitted under the new Department—and that details the feasibility of acceleration and the pros and cons.

MARITIME DOMAIN AWARENESS

Senator COCHRAN. You also have a program called Maritime Domain Awareness, and the request in the budget proposes $34 mil-

lion for funding of this program. Tell us a little bit about that program and whether you think that is a sufficient amount.

Admiral COLLINS. I think it is a good start. It is, of course, a recurring effort. Maritime domain awareness is a concept. It is saying that for us to be truly effective as a law enforcement agency and a homeland security agency or a fisheries enforcement agency, you have to have transparency of your operating environment; you have to have domain awareness, and you have to have systems that allow you to get that so the scarce ships and planes you do have, you can put them on target, and you can push your borders out and have visibility of what is coming at you from a security perspective. That is sort of the general philosophy of that and I think the central feature of our maritime homeland security strategy that we published last December, and it is the central capability that is embedded in the Integrated Deepwater System.

The $34 million helps us along the way with that by building communications, connectivity and the like, and building some prototype harbor operations surveillance systems around the country in partnership with the Navy.

So I think it is a good step, and I think the priorities are right there, Senator.

RESCUE 21

Senator COCHRAN. Another program that I found interesting in my briefing papers here is "Rescue 21"—that is also a modernization project—and in the budget request $134 million is proposed to be spent in fiscal year 2004 developing more cost-efficient towers and receivers for communication purposes.

Tell us what your reaction to this budget proposal is? Is that enough for that program? What do you intend to accomplish in the next fiscal year with that money?

Admiral COLLINS. That project is right on schedule with the funding profile. It is a project that has received a great deal of attention both in the Senate and the House. We are mandated by Congress to finish the project by 2006, so we have direction to not sit on our laurels on this one but to move out in a fast way.

It is on schedule. That money will keep it on schedule. It is a tremendously important project. I see that project itself, Senator, as a subsystem of this MDA concept, because it gives you transparency, it has direction-finding capability in it that we do not have now, so when we get a search and rescue case, we can direction-find on the transmission; it is digital, not analog; multiple channels can be monitored simultaneously; it closes geographic coverage gaps around the country. It is a tremendously important project, and we are very appreciative of the support we have received on the Hill for this project—but we are on track with that one.

SEARCH AND RESCUE EFFORTS

Senator COCHRAN. You mentioned search and rescue. I think $26 million is in the budget request for search and rescue. Is that sufficient for your purposes?

Admiral COLLINS. Yes, Senator. That is part of a multiyear effort that we began several years ago to continue to reinvest in that. I

think when most people think of the United States Coast Guard, they think of search and rescue first. We like that image, quite frankly, and I think we do it really well. But I think there is a time to reinvest, take our pulse in terms of our readiness posture there, and I think Congress has agreed. And we built this and have continued to invest in our search and rescue function over the last 2 or 3 years. In fact, from 2002 to 2004, if Congress approves the fiscal year 2004 request, we will have added 1,000 billets to the search and rescue mission in the form of additional people at stations, additional people in our command and control nodes, and additional training infrastructure to increase and enhance the professionalism.

So yes, I think we are on target, and it is consistent with where we have been going in the last couple years.

Senator COCHRAN. Thank you very much.

Director Basham, I want you to understand that we have not forgotten you. I know we have had a lot of questions directed to the Commandant of the Coast Guard, but there are some important questions that I have too about the sufficiency of the budget request for the Secret Service and the capacity that you have to fulfill your responsibilities.

FISCAL YEAR 2004 PRESIDENTIAL CAMPAIGN

We have an election campaign coming up. Some candidates are already out campaigning. Isn't that part of your responsibility in the Secret Service, to protect the security of Presidential candidates, and if so, do you have sufficient funding requested in this budget to do that?

Mr. BASHAM. Mr. Chairman, in answer to that, I would say yes, I feel very comfortable that we do have sufficient funding identified in the fiscal year 2004 budget and some actually in the fiscal year 2003 budget to provide that security.

One of the great benefits of our move into the Department of Homeland Security is that we are now going to be able to utilize some of those assets that are in that Department to assist us with that mission. As a matter of fact, we are starting as early as this summer to begin the training of some 2,000 Federal special agents in other departments within the Department of Homeland Security to help us with that mission.

But as you indicated, we are tasked with that responsibility, and there are processes in place which will identify those candidates who would receive Secret Service protection and then determine the time lines for when that would begin and, quite frankly, when it actually ends.

Senator COCHRAN. I notice there is a $1.7 million request for new equipment to be used in connection with Presidential campaign candidate protection. What kind of new equipment are you planning to buy, and for what purpose will that equipment be used?

Mr. BASHAM. I would like to submit that to you off the record if I could, Senator, but I can tell you that the majority of that would be additional equipment necessary to provide it to the other Federal special agents who will be assisting us, but primarily in the area of technology. I would like to provide that to you later.

Senator COCHRAN. That will be fine.

I notice that you have some reprogramming or reallocation of full-time equivalents—250 positions from the Service's investigative activity—to staff the Presidential campaigns. What happens to the functions that those people normally carry out? Who does that work? Is there a breakdown caused by that transfer of personnel?

Mr. BASHAM. Well, there is somewhat of a temporary pause in the activities in our investigative responsibilities in order to move those assets to our protective mission.

Quite frankly, I think the very thing that makes the Secret Service strong and gives it its strength is our dual mission of protection and investigation, but at times, it also represents our Achilles heel in that we do have to move assets from one of those missions to the other, and a campaign is an example of that.

But over the years, we have had great success in partnering with the other Federal agencies to assist us in that activity.

RELATIONSHIP WITH DHS

Senator COCHRAN. Do you think the Service has been strengthened by the inclusion of the Service in the new Department of Homeland Security? Are you better able to obtain information that is helpful to you in carrying out your mission, or has it become a problem for you?

Mr. BASHAM. I would like to echo the comments of Admiral Collins on that point. The Secret Service feels that it was an excellent move for us to go to the Department of Homeland Security. We, as well as the Coast Guard, were moved over intact, with our resources and responsibilities, to report directly to the Secretary.

What I think is pointed out here is that the very mission of the Secret Service, as I said in my statement, I believe mirrors the mission of the new Department of Homeland Security, and that is suppression and prevention and protection, and that has been for 138 years the methodology and the philosophy of the Secret Service, and I think it fits extremely well within the new Department.

I would also like to say that there has been an early indication that the cooperation now within this Department as a result of this merger is becoming more and more evident as we move along.

CAPITAL ACQUISITIONS

Senator COCHRAN. There is a request for capital acquisitions to be funded at an amount of $3.579 million. What is the purpose for this appropriation? What are you going to do with this money?

Mr. BASHAM. I am not completely familiar with the $3.5 million. If I could, I would like to get back to you with that.

Senator COCHRAN. It would be good to know how you plan to spend that money.

Mr. BASHAM. I will.

[The information follows:]

The request for $33 million in the fiscal year 2004 budget was developed based on limited understanding of the costs associated with the mail screening needs. The Service is currently in the process of studying the mail screening needs of certain high risk Federal Government agencies, such as, Congressional offices, FBI, CIA, and Homeland Security. With this study we will learn the best methods to be utilized to implement a central processing facility in lieu of the current individual mail processing centers for each agency. A full evaluation of methods, operations, technology and other issues related to establishing a fully operational mail facility for

the White House Complex will be established with this study, and a full spend plan will be developed at that time.

REALIGNMENT OF PERSONNEL

Senator COCHRAN. The budget justification indicates that the Service is developing a new hiring plan that will consider such things as the Service's realignment within the Department of Homeland Security. Is there any particular cost estimate that you have developed that is attributable to realignment? What do you mean by "realignment"?

Mr. BASHAM. As we move into the Department of Homeland Security, we are seeing that, particularly in the area of critical infrastructure or key asset protection of critical infrastructure, it is going to require that the Service redesign, and to some extent, it is our training of our special agents and Uniformed Division officers as well as our professional and technical personnel. Because we have been asked to participate in this key asset protection and critical infrastructure protection, it is going to require us to go about our business somewhat differently.

I do not know that we identified a specific number or amount of money that is going to be necessary, but in our Electronic Crimes Special Agent Program which will be dealing in cyberspace, if you will, it is going to require that we do additional training which is quite expensive, but as of this point, we have been using moneys that we currently have to do that sort of training.

NATIONAL CENTER FOR MISSING AND EXPLOITED CHILDREN

Senator COCHRAN. I found it interesting to note that there is an involvement by the Secret Service in the National Center for Missing and Exploited Children. I was not aware of this. Tell us a little bit about that and what the responsibilities of the Secret Service are that you have assumed using your protective expertise to help ensure the safety of America's children as well as our schools.

Mr. BASHAM. Mr. Chairman, we have been involved with the National Center for quite some time to provide them with forensic and investigative expertise and to help and assist in identifying missing and exploited children.

As a matter of fact, we just received within the last few weeks legislation which now actually gives us authority to work with the National Center to further develop this partnership.

But quite frankly, we feel—and we are very proud of that relationship with the National Center and have applied resources toward assisting State and local communities in identifying and in some cases actually finding missing children—but we also found that there is an application of the Secret Service's expertise in protection in identifying and assessing threats, and we have worked with the Department of Education to come up with a training program where we have gone out to various school districts around the country, and we have tried to help them identify possible threats by, whether it is schoolchildren or others, directed toward those schools and have had success in actually thwarting what would have been some very, very disastrous events out there.

Senator COCHRAN. Thank you very much for that information. I have some other questions that I am going to submit in writing for

your consideration. We hope you will be able to respond in a reasonable time. And, Admiral Collins, we have other questions that we will probably submit to you as well, and we hope you will cooperate by submitting answers in writing in a reasonable time.

Senator Byrd.

PORT SECURITY GRANTS

Senator BYRD. Thank you, Mr. Chairman.

You mentioned earlier the signature by the President of the Maritime Transportation Security Act on November 25 of last year. On that day, the President said this, and I quote: "We will strengthen security at our Nation's 361 seaports, adding port security agents, requiring ships to provide more information about the cargo, crew, and passengers they carry."

The Coast Guard has since estimated the cost of implementing the Act at $1.4 billion in the first year and $6 billion in the next 10 years. Congress has worked diligently to establish a mechanism for direct Federal grants to assist the ports. Altogether, Congress has provided $348 million to help ports establish new security measures. Unfortunately, none of these funds—nothing was requested along this line by the Administration. In the most recent competition, ports sent in over $1 billion in applications for $105 million of funding.

Just 2 months after signing the Act, the President sent to Congress a budget that did not include any funding for Social Security grants. Yet in his State of the Union, the President said that we have intensified security at ports of entry.

Do you have any comment as to how one might reconcile these statements with the President's request?

Admiral COLLINS. I think clearly, the approach to our rulemaking, which we are approaching aggressively, is that the investment is a shared burden approach. In terms of our budget, you can look at the Coast Guard's budget and see elements within that that represent a Federal investment in the increased security of our ports—the fact that by the end of 2004, we will have 12 maritime safety and security teams around the country, we will have additional patrol boats, additional small boats. Those represent the Federal investment in the security of the ports.

So that just in our budget alone, I think there are significant elements that will enhance the security of the Nation in our ports. The $1.4 billion and the $6 billion are estimates of the impact of the rulemaking on the private sector relative to the security enhancements which may be required as a result of the rulemaking, and it is our estimate in terms of—most of that, Senator, is on the vessel aspects of the rulemaking, and then there is the facility aspect of the rulemaking, and most of that estimate, close to $1 billion of the $1.4 billion, is on the facility end, the facility impact.

It is a shared approach, and if you look through our budgets, particularly the Coast Guard budget, there is considerable investment in enhancing port security reflected in the additional assets that we are going to bring to bear to the issue.

Senator BYRD. Let me try again. Congress provided $348 million—that is an easy figure to remember. Do you remember what Andy Gump's license number was? Three-forty-eight. Perhaps you

are not familiar with Andy Gump. That is an old comic strip that I saw a good many years ago when I was a boy.

We provided $348 million to help ports establish new security measures. I am asking why you might construe the President's request—he sent a budget that did not include any funding for port security grants. Yet in the State of the Union, the President said we have intensified security at ports of entry. So there is a discrepancy here, it seems to me.

What role have you taken in budget discussions to support additional funding for port security based on the new law?

Admiral COLLINS. Part of the discussions, and they are still underway in terms of what it will take to implement the new law from our perspective and under the administrative oversight of the rulemaking, and the rulemaking is going to require plans, facility plans, security plans, which have to be reviewed and approved, and you have got to have capacity to do that. That dialogue is underway, and it is not reflected in the fiscal year 2004 budget. That is sort of an unfunded mandate, if you will, at this juncture in terms of actually administering the rule when it finally comes out—under discussion.

Senator BYRD. Let me try it this way. We provided $348 million to help ports establish new security measures. None of these funds were requested by the administration. In the most recent competition, ports sent in over $1 billion of applications for $105 million in funding.

Were requests made to OMB for additional funding for port security based on the new law? Would you answer that?

Admiral COLLINS. No, because of course, number one, the $1.4 billion is the estimate of the private sector costs associated with this. Of course, the rule is not even in effect yet and is not even published yet—it does not come out until this summer. The fiscal year 2004 budget was done about that same time, so a lot of these things did not find their way into the fiscal year 2004 budget because of timing for instance, the port security assessments gap that was addressed by the supplemental, so the supplemental addressed that.

So it was a timing issue amongst other things, Senator.

WHITE HOUSE MAIL SCREENING AND PROCESSING

Senator BYRD. I have a couple of questions which I will direct to Director Basham.

You spoke of programmatic budget increases requested. The only programmatic budget increase requested for fiscal year 2004 is $33 million for White House mail screening and processing. That function has historically been the responsibility of the White House Office of Administration.

The Secret Service has been stretched in recent years to meet many new responsibilities. As a consequence, overtime rates have continued to be high, attrition rates have increased. Given these constraints in your traditional mission, what is the rationale for transferring the EOP mail processing function from the White House to the U.S. Secret Service?

Mr. BASHAM. Senator, I believe the rationale was that the Administration felt that the processing of this mail, or the security

surrounding the processing of this mail, would fall within the purview or the mission of the Secret Service. So what we are currently in the process of doing is a study to make a determination as to what is the best method for processing mail and identifying potential threats, whether there needs to be a Government-wide application of this processing to provide security to not just the White House but to any Government entity that may be threatened through the mail. The Service has agreed to work with the White House to come up with a plan as to how this should be applied.

The Service at this point is providing technical expertise to this issue. We are not actually in the process of processing the mail, and the $33 million was a figure that was placed there as a placeholder, because we really do not know what the costs are going to be associated with the processing, whether it is going to require a facility, additional personnel, whether there should be contract personnel or Government personnel.

So when we get the results of the study, we will have a better idea as to exactly what requirements there are going to be. But we agree that the Service should not be in the position of having to actually physically do that processing.

Senator BYRD. If it was a placeholder, why was it not $30 million or $35 million, rather than $33 million? What will $33 million buy?

Mr. BASHAM. We do not have any information as to why $33 million was identified for that project. It is our understanding that it was merely an amount of money that was earmarked by OMB to do that, recognizing that there were going to be some costs associated with this. So I cannot tell you why it was not $30 million or $35 million but yet $33 million.

Senator BYRD. Would you please provide for the record what the $33 million would buy?

Mr. BASHAM. What it will buy—yes, sir.

[The information follows:]

The request for $33 million in the fiscal year 2004 budget was developed based on limited understanding of the costs associated with the mail screening needs. The Service is currently in the process of studying the mail screening needs of certain high risk Federal Government agencies, such as, Congressional offices, FBI, CIA, and Homeland Security. With this study we will learn the best methods to be utilized to implement a central processing facility in lieu of the current individual mail processing centers for each agency. A full evaluation of methods, operations, technology and other issues related to establishing a fully operational mail facility for the White House Complex will be established with this study, and a full spend plan will be developed at that time.

Senator BYRD. In fiscal year 2003, $9 million was proposed to be transferred from the Office of Homeland Security to the Department of Homeland Security for the purpose of EOP mail processing. What is the status of the $9 million transfer, and will this funding to the Secret Service?

Mr. BASHAM. The $9 million was, I believe, an amount that was assessed across the various agencies on a percentage basis. That happened to be the amount that the Service was requested to put forward from the 2004 budget request.

So I will have to provide you with information as to how that is going to be applied and where it is coming from.

Senator BYRD. All right.

[The information follows:]

This $9 million was transferred to the Service on March 17, 2003 from the Office of Homeland Security pursuant to section 1516 of the Homeland Security Act of 2002, Public Law 107–296.

This funding will be used to cover the cost of sustaining mail screening for the Executive Office of the President while designing an ideal mail processing facility. It will fund the utilization of an interim facility to handle and process all mail addressed to the White House Complex and screen it for selected chemical, biological, radiological, nuclear, and explosives (CBRNE) contaminants. This screening function is undertaken as a means of facilitating the overall R&D effort. This research is being carried out by the U.S. Army Soldier and Biological Command, Department of Defense.

ADDITIONAL COMMITTEE QUESTIONS

Senator BYRD. Mr. Chairman, I thank you. I have a few questions that I will submit also for the record.

Senator COCHRAN. Thank you, Senator Byrd.

[The following questions were not asked at the hearing, but were submitted to the Department for response subsequent to the hearing:]

QUESTIONS SUBMITTED TO THE UNITED STATES SECRET SERVICE

QUESTIONS SUBMITTED BY SENATOR THAD COCHRAN

Question. The fiscal year 2004 budget request for capital acquisitions is $3.5 million. This budget activity covers operational costs at the James J. Rowley Training Center. The budget request for capital acquisitions proposes an increase of roughly $82,000 above the fiscal year 2003 appropriations level. Will capital acquisition funds also be used to perform facility upgrades to the recently acquired Webster school?

Answer. The $3.5 million request for capital acquisitions in fiscal year 2004 would be dedicated to operational infrastructure repairs at the James J. Rowley Training Center. In fiscal year 2002, the Service did dedicate $442,000 to maintain the structural integrity of the Webster School, however, the Service obligated these funds from its base budget, not its capital acquisitions budget. None of the $3.5 million requested for capital acquisitions in fiscal year 2004 will be used to perform facility upgrades to the Webster School.

Question. The budget request identifies $1.7 million for security-related equipment to support Presidential Campaign protection. Has the Secret Service worked with the Science and Technology directorate to determine what types of equipment to use to protect against chemical, biological, and other attacks?

Answer. The Secret Service's Technical Security Division maintains technical liaison with other agencies and private industry concerning current and future developments in state-of-the-art technologies to assist in developing concepts, equipment, etc. supporting research and development in the areas of chemical, biological, radiological, and nuclear detection and countermeasures. The Secret Service continues to expand on partnerships with other Federal agencies, universities, and industry to coordinate research and development in the areas of infrastructure protection; investigative support; physical security; explosives detection; and the evaluation, modification and procurement of off-the-shelf equipment. Recently, the Technical Security Division met with the Director of the Science and Technology Directorate of DHS. This meeting fostered a direct interchange with DHS concerning chemical/biological technology requirements and development.

Question. The protection of our nation's critical infrastructure is a fundamental priority of the Department of Homeland Security. What collaborative efforts will take place between the Information Analysis and Infrastructure Protection directorate and the Secret Service?

Answer. The Secret Service Intelligence Division collaborates directly with the Information Analysis and Infrastructure Protection Directorate through the Homeland Security Center. This center is staffed with an Intelligence Division Special Agent on a 24-hour basis to serve as a conduit of information relating to threats against USSS protectees and National Special Security Events. The Secret Service provides immediate notification to DHS through the Center regarding incidents which may adversely affect our nation's critical infrastructure. This information can be compared with that from all agencies under IA&IP to indicate trends in threat behavior, and identify vulnerabilities.

QUESTIONS SUBMITTED BY SENATOR ROBERT C. BYRD

BUDGET PRESENTATION

Question. The fiscal year 2004 budget justification includes $1,003,435,000 as the budget estimate for fiscal year 2003. In the fiscal year 2003 budget justification, the fiscal year 2003 estimate was $1,010,435,000, a $7,000,000 difference. Was this funding transferred to the Department of Homeland Security? If so, under what authority was this transfer made? If the funding was not transferred, please explain the $7,000,000 reduction.

Answer. This $7,000,000 difference was not transferred to the Department of Homeland Security. To maintain 3-year comparability in the President's Budget, these funds were shown in the Departmental Management Operating Expenses account to represent the consolidation of managerial activities at the headquarters level and the savings associated with centralizing these functions in the new Department. The reallocation was made for budget presentation purposes only, with no loss of funding actually occurring in fiscal year 2003.

CONSOLIDATION SAVINGS

Question. Your prepared testimony states that "These budget increases are offset by a $9,000,000 reduction in the base budget reflective of our reorganization into the Department of Homeland Security, and anticipated consolidation savings from integration with Department-wide processes and operations." The budget justification submitted to Congress doesn't appear to identify this reduction. Has the $9 million in savings been identified? If so, provide a detailed list of the anticipated savings. If the savings cannot be achieved, what is the impact on personnel and your future hiring plans?

Answer. The $9 million identified above is made up of $7 million associated with consolidation of managerial activities at the Departmental level and $2 million in savings anticipated from integration with the Department-wide processes and operations. The Department of Homeland Security is currently reviewing operations across all entities to ascertain where efficiencies and cost savings can be achieved. One expense area believed to hold the most promise is consolidation of information technology expenses. For example, the buying of Enterprise licenses in bulk for the entire Department, rather than individually for each entity within the Department, is being carefully considered as one means to achieve cost savings.

WHITE HOUSE MAIL SCREENING AND PROCESSING

Question. The only programmatic budget increase requested for fiscal year 2004 is $33 million for White House Mail Screening and Processing. This function has historically been the responsibility of the White House Office of Administration. What is the rationale for transferring the EOP mail processing function from the White House to the United States Secret Service?

Answer. The Service has a responsibility for ensuring that any potential threat to the safety and security of the White House is eliminated. This includes any threats that could arise from the delivery of mail addressed to the White House.

Question. What responsibilities will the Secret Service have with regard to White House Mail Screening and Processing?

Answer. The Secret Service is responsible for screening of all threats to those whom it has been directed to protect. The mail is just one aspect of this process. Secret Service employees check mail addressed to the White House for potential physical threats (such as munitions, and chemical, biological, and radiological material) and then allow the Office of Administration to sort and deliver the screened packages.

Question. Provide a spend plan associated with the $33 million request.

Answer. The $33 million request for mail screening activities in the fiscal year 2004 budget was developed based on limited understanding of the costs associated with the mail screening needs. The Service is currently in the process of studying the mail screening needs of certain high risk Federal Government agencies, such as Congressional offices, FBI, CIA, and DHS. With this study we will learn the best methods to be utilized to implement a central processing facility in lieu of the current individual mail processing centers for each agency. A full evaluation of methods, operations, technology and other issues related to establishing a fully operational mail facility for the White House Complex will be established with this study, and a full spend plan will be developed at that time.

Question. In fiscal year 2003, $9 million was proposed to be transferred from the White House Office of Homeland Security to the Department of Homeland Security

for the purpose of EOP mail processing. What is the status of the $9 million transfer and will this funding go to the Secret Service and for what purpose?

Answer. The transfer of $9 million from the White House Office of Homeland Security to the Service has been completed. The Service has used this funding to contract with the U.S. Army Soldier and Biological Command, Department of Defense to handle and process all mail addressed to the White House Complex and screen it for selected chemical, biological, radiological, nuclear, and explosives (CBRNE) contaminants.

Question. What is the status of the Secret Service's study on White House mail processing? When will the study be completed?

Answer. We expect to award the contract for the study on White House mail processing on May 30, 2003, and have the study completed by November 30, 2003.

USSS SPECIAL AGENT WORKFORCE & QUALITY OF LIFE

Question. Over the past 3 fiscal years, Congress provided significant funding increases to the Secret Service to address workforce quality of life issues such as excessive overtime rates and excessive travel. According to your prepared testimony, the Service has hired 1,098 special agents over a 3 year period and 545 Uniformed Division officers and 453 support personnel during the same period. The intention of this initiative was to reduce overtime levels and achieve overall levels of overtime closer to fiscal year 1994 levels. According to information submitted by the Secret Service last year, average monthly overtime levels remained at levels close to the fiscal year 2000 high of 80.06. What is the average monthly overtime level now and is the fiscal year 2004 budget request sufficient to achieve levels closer to fiscal year 1994 levels? If not, what funding level, above the President's request, would be necessary to achieve that goal?

Answer. For the first 6 months of fiscal year 2003, overtime worked by field agents averaged 61.21 hours per month—this is below the 1994 level of 62 hours per month. The Service recognizes the increased workload for the 2004 Presidential campaign and believes that it has sufficient funding budgeted for overtime.

USSS UNIFORMED DIVISION HIRING

Question. Over the past few years, the Secret Service has experienced a higher than average non-retirement attrition rate for Uniformed Division personnel. In 2001, the non-retirement attrition rate was 6.42 percent compared to 1.14 percent in 1995. In 2002, the attrition rate was 15.18 percent through the first half of the year. Most of the separations were due to the Transportation Security Administration's air marshals hiring program. Is the Uniformed Division staffed at a level you are comfortable with and if not, why doesn't the fiscal year 2004 budget request address this need?

Answer. The Service is currently working with the Department of Homeland Security and the Administration to review staffing levels within the Uniformed Division. As discussed above, the fiscal year 2004 budget includes appropriate levels to support the current staffing levels for the entire Secret Service.

Question. What additional requirements need to be met and what is the funding level needed to meet your hiring demands in fiscal year 2003 and fiscal year 2004?

Answer. As discussed above, the Service is currently working with the Department and the Administration to review the Uniformed Division's staffing needs. Once appropriate decisions have been made, funding levels will be reassessed to ensure that revisions to current staffing levels can be accommodated within requested funds.

USA PATRIOT ACT

Question. The USA Patriot Act, Public Law 107–056, provided the Secret Service with additional authorities and mandates. Provide a list of requirements and expanded authorities given to the Secret Service as a result of that Act. Provide a list of activities, with associated funding levels, that have been undertaken as a result of that Act.

Answer. The USA Patriot Act ("the Act") included five sections specifically addressing Secret Service initiatives and investigative authorities.

—Section 105 of the Act requires the Director to develop a national network of electronic crime task forces based on the New York Electronic Crimes Task Force model to prevent, detect and investigate various forms of electronic crimes.

—Section 374 extends the reach of the domestic counterfeiting statutes (Chapter 25 of Title 18 U.S.C.) to include analog, digital or electronic images, and provides enhanced penalties for these offenses.

—Section 375 extends the reach of the foreign counterfeiting statutes (Chapter 25 of Title 18 U.S.C.) to include analog, digital or electronic images, and provides enhanced penalties for these offenses.
—Section 377 provides extra-territorial jurisdiction for violations of 18 U.S.C. § 1029 committed abroad, to include fraud and related activity in connection with access devices.
—Section 506 provides concurrent jurisdiction for the Secret Service to investigate computer-based crimes under 18 U.S.C. § 1030, along with the FBI. This section also provides for the re-authorization of Secret Service jurisdiction for financial institution fraud under 18 U.S.C. § 1344. This authority was due to expire in 2004.

Since 1984, and with the re-authorization contained in the USA Patriot Act, the Secret Service has been authorized to investigate crimes committed with the use of a computer.

The Secret Service works closely with stakeholders in the financial services industry, electronics manufacturing sector, and information services, to provide feedback regarding the misapplication of advances in computer related products.

The New York Electronic Crimes Task Force (NYECTF) task represents a strategic alliance of more than 661 regional members or groups including: prosecutors; local, state and Federal law enforcement; academia; and companies in private industry with interests in banking, financial services, brokerage, and telecommunications. The common denominator in the NYECTF is that each member, be it law enforcement or industry, is a stakeholder with a business or investigative interest in preventing electronic crime. Each member adds value through specialized knowledge or expertise in contributing to the common goal. As a testament to the resolve and adaptability of the agents and members, the NYECTF resumed operations within 48 hours of the loss of its base of operations in the New York Field Office. The NYECTF defines the Secret Service's priority on partnerships, and demonstrates the economies of scale inherent in the task force approach.

Based on the mission and organization of the NYECTF, the Secret Service established eight additional electronic crimes task forces throughout the country, in locations with significant or specialized interests in the critical financial, banking or information infrastructures. These additional task forces are located in Boston, Washington, DC, Charlotte, Miami, Chicago, Las Vegas, Los Angeles, and San Francisco.

For fiscal year 2003 and beyond, we intend to follow-through with the development and implementation of additional specialized training, and pursue recently enacted legislative authority by forming electronic crimes task forces based on the New York Electronic Crimes Task Force model.

Currently, the Service spends approximately $3 million to $4 million per fiscal year on the operation of these task forces and their efforts to thwart cyber-crime.

NATIONAL SPECIAL SECURITY EVENTS

Question. The Secret Service is required to be the lead agency for security at National Special Security Events (NSSEs). Depending on the size of the event, the associated costs can vary dramatically. Except for the 2002 Winter Olympics, which was paid for in the fiscal year 2002 Emergency Supplemental, the costs associated with these events have been paid for through the Department of Treasury's Counterterrorism Fund. Not once has the Secret Service budgeted for a NSSE through the normal budget process, even though some events are known well in advance such as the annual State of the Union Address and the national political conventions every 4 years. Now that the Secret Service is part of the Department of Homeland Security, will the Department of Homeland Security Counterterrorism Fund pay for these events or will you be pursuing another mechanism?

Answer. The use of the Department of the Treasury's Counterterrorism Fund to cover the extraordinary and unbudgeted costs of National Special Security Events worked very well for the Secret Service. It worked well because of the ad hoc nature of these events and the ongoing availability of funding provided with the Counterterrorism Fund. With the dissolution of Treasury's Office of Enforcement, Treasury's Counterterrorism Fund was transferred to the Department of Homeland Security as part of the determination order process. Unless a fund is specifically established to cover the costs of NSSEs, the Service anticipates that the DHS Counterterrorism Fund will be the source of funding for these events, and that processes at DHS will mimic those that worked well at the Department of Treasury.

NATIONAL THREAT ASSESSMENT CENTER

Question. Since fiscal year 2001, Congress has appropriated approximately $1.7 million and 4 FTE annually for the Secret Service's National Threat Assessment

Center (NTAC). The purpose of NTAC is to share Secret Service expertise in identifying, assessing, and reducing threats to homeland security. Following the school shooting in Columbine in 1999, the Secret Service started the "Safe School Initiative." The purpose of this program is to share expertise in identifying threatening behavior and preventing violence. Through a partnership with the Department of Education, this program has reached thousands of teachers and law enforcement officers across the country. According to your prepared testimony, the Secret Service has conducted 46 Safe School Initiative presentations and 12 day-long training seminars around the country.

Now that the Secret Service is part of the Department of Homeland Security, NTAC's focus is also on assisting the Information Analysis & Infrastructure Protection Directorate to help focus on the risk and consequences of a domestic terrorist attack.

With an annual budget of $1.7 million and 4 FTE, how is NTAC balancing these two needs?

Answer. The National Threat Assessment Center is able to meet the demands of current research and training obligations under current budget allocations. Any increased demands related NTAC support of the Department of Homeland Security will be met within the current budget through careful prioritization of the program's workload and, as necessary a reallocation of existing resources. Currently the Center supports all feasible requests for seminar training, declining only those requests that are too costly for participants or those which do not have enough participants to conduct training cost effectively. The Center balances requests for service with resource availability in the areas of research, presenting findings, and training. Through this balancing we will be able to continue to deliver timely and accurate information to the law enforcement community and the public.

Question. According to information provided by your agency last year, the Secret Service was able to meet approximately 60 percent of the written requests to present information from the Safe School Initiative in fiscal year 2001. What percentage of the demand was met in fiscal year 2002? Can you provide the funding needed to meet the unmet demand in fiscal year 2003? What funding level is necessary to respond to 100 percent of the written requests in fiscal year 2004?

Answer. The Service met 69.4 percent of the requests it received to provide information on the Safe School initiative in fiscal year 2002. We conducted 50 training sessions with approximately 8,500 attendees. Twenty-two requests were declined. The decision to decline such requests was typically based on the very small number of attendees expected, scheduling conflicts, or because the organizers were charging unusually high fees for attending the presentation. The Service is not declining requests for presentation because of a lack of funding.

QUESTIONS SUBMITTED TO THE UNITED STATES COAST GUARD

QUESTIONS SUBMITTED BY SENATOR THAD COCHRAN

HOMELAND SECURITY

Question. The Homeland Security Act requires the continuation of all non-homeland security missions of the organizations transferred to the Department of Homeland Security. It directs that Coast Guard non-homeland security capabilities be maintained without significant reduction unless specified in subsequent law. What specific criteria would you apply if the Coast Guard was faced with a choice between carrying out a non-homeland security mission and a homeland security mission?

Answer. As a military, maritime, multi-mission organization, the Coast Guard recognizes that its Maritime Homeland Security (MHS) and Non-Maritime Homeland Security (non-MHS) missions are not mutually exclusive. Resource obtainment and allocation efforts, at the strategic and tactical level, are made utilizing values, experience, training, judgment, and a keen eye toward balancing the risks involved in the situation at hand.

Consider the tactical resource allocation example of a Coast Guard cutter and embarked helicopter patrolling the waters off the south coast of Florida. The multi-mission capabilities of these assets and the people who crew them result in a resource mix that on any given day might:

—Respond to a call from a sinking sailboat (non-MHS mission—Search & Rescue);
—Conduct a boarding on a commercial fishing vessel (non-MHS missions—Marine Safety, Living Marine Resources, and Marine Environmental Protection);
—Interdict a "go-fast" approaching U.S. shores (MHS missions—Ports, Waterways & Coastal Security; Drug Interdiction; Migrant Interdiction);

—Escort a Naval ship during a military out load operation (MHS missions—Ports, Waterways & Coastal Security; Defense Readiness).

Should a situation unfold in which a MAYDAY call and "go fast" sighting occur simultaneously, the Coast Guard Operational Commander would utilize the assets available and the aforementioned decision-making tools in crafting a response, keeping in the forefront of his or her mind the premise that human life takes precedence.

A second example, this one in the realm of strategic resource obtainment, pertains to the President's fiscal year 2004 budget request. The funds requested in the fiscal year 2004 budget are critical to overall mission balancing efforts and to the sustainment of the Coast Guard's high standards of operational excellence across all missions. It is important to note that every MHS dollar directed to the Coast Guard will contribute to a careful balance between our safety and security missions, both of which must be properly resourced for effective mission accomplishment. The fiscal year 2004 budget reflects steady progress in a multi-year resource effort to meet America's future maritime safety and security needs. This new funding will positively impact performance in all assigned missions.

In performance-based organizations, such as the Coast Guard, resource obtainment and allocation decisions are made with the overarching mission outcome in mind. Coast Guard decision-making criteria is focused on successful mission performance, and led by our values, training, experience, judgment, sense of balance, and risk management skills.

MERCHANT MARINER DOCUMENTS

Question. After September 11, 2001, the need for tamper-resistant identification cards became a priority for all agencies of the government issuing these types of cards. The fiscal year 2003 supplemental appropriations act provides $10 million to the Coast Guard for updating the Merchant Mariner Documents provided to certain qualified crew members. Please tell the subcommittee how you plan to use the supplemental appropriations provided.

Answer. Fiscal year 2003 supplemental funding will be used to provide contractor support at the Regional Exam Centers (REC) in fiscal year 2003 and a portion of fiscal year 2004 to accommodate workload surges resulting from the enhanced security processes; to install technological improvements such as electronic fingerprinting capabilities to reduce processing time and upgrades to the database for mariner documentation tracking and record keeping; to provide more Investigating Officers in the field to adjudicate security issues discovered on mariner applicants; and, to centralize where possible those functions not requiring face-to-face contact with the applicant.

SPEND PLAN FOR $10 MILLION SUPPLEMENTAL FUNDING

Item Description	Cost	Planned Execution (fiscal year)
Additional personnel and equipment at the RECs	$5,000,000	2003/2004
Electronic Fingerprinting Equipment	1,000,000	2003
Additional Investigating Officers	700,000	2003/2004
Additional personnel for screening and evaluation support	1,900,000	2003/2004
Mariner credentials database upgrades	1,000,000	2003/2004
Additional program management and project support	400,000	2003
Total	10,000,000	

The upgrades for issuing credentials to mariners operating in the Marine Transportation System are intended to ensure that credentials are never issued to those who pose a threat to national security or marine safety. This new system includes a more robust vetting process for mariners and more personal interaction between the mariner and the REC to verify the applicant's identity. In addition, a more tamper-resistant card is being issued to minimize the chance of misuse. The Coast Guard will continue to work with other agencies, especially the Transportation Security Administration, to achieve a "good government" solution that is fast, accurate, and consistent.

Question. Have you discussed with Secretary Ridge the possibility of working with other agencies of the Department of Homeland Security that are also in the process of developing more secure identification cards for employees, such as the Transportation Security Administration, Citizenship and Immigration Services, or the Bureau of Customs and Border Protection?

Answer. Yes. The Transportation Security Administration (TSA) is responsible for developing the Transportation Workers Identification Credential (TWIC) for use as a transportation system common credential, used across all modes, for all transportation workers requiring unescorted access to secure areas of the transportation system. The Coast Guard has participated with the Department of Transportation and TSA in the development of the TWIC concept since its inception. The Coast Guard is working with the TSA Credentialing Office and monitoring their ongoing efforts to develop and implement the TWIC program. The Coast Guard will continue to work closely with TSA and DHS to ensure the Merchant Mariner credentialing process is aligned with the TWIC when finalized by TSA to provide the best government solution.

WAR ON IRAQ

Question. You state in your prepared testimony that the Coast Guard deployed the greatest number of assets overseas during the War on Iraq since the Vietnam War, to include 2 high endurance cutters, 8 patrol boats, 1 buoy tender, 4 port security units and 2 maintenance support units. Does the Coast Guard plan to leave any assets overseas as part of the President's plan to assist the Iraqi people in rebuilding their country and developing a democracy? If so, which assets and what would be the responsibility of the Coast Guard regarding those assets and the cost incurred by the Coast Guard in support of those assets?

Answer. The Coast Guard is awaiting information from the Combatant Commander on the exact needs for Coast Guard forces to assist in the rebuilding of Iraq. Over half of the Coast Guard forces deployed have already been released by the Combatant Commanders and are returning or have returned to the United States.

Question. As the Coast Guard's deployed assets return home there are general maintenance and repair needed to restore equipment to its pre-war capacity. Does the Coast Guard have sufficient funding, either from the fiscal year 2003 Consolidated Appropriations Resolution or the fiscal year 2003 Emergency Wartime Supplemental Appropriations Act, to address those needs?

Answer. The Department of Defense has been appropriated funds within the IRAQI FREEDOM Fund of the 2003 Emergency Wartime Supplemental Appropriations Act of which "up to" $400 million may be transferred to the Coast Guard to cover the costs for supporting Operation IRAQI FREEDOM. The Coast Guard is working with the Department of Defense to effect the transfer of those funds to the Coast Guard. The Coast Guard expects to receive sufficient funds to cover the reconstitution of its deployed forces.

Question. If not, do you have estimates of additional funding needed to cover the costs of reconstituting the Coast Guard assets?

Answer. The Department of Defense has been appropriated funds within the IRAQI FREEDOM Fund of the 2003 Emergency Wartime Supplemental Appropriations Act of which "up to" $400 million may be transferred to the Coast Guard to cover the costs for supporting Operation IRAQI FREEDOM. The Coast Guard is working with the Department of Defense to effect the transfer of those funds to the Coast Guard. The Coast Guard expects to receive sufficient funds to cover the reconstitution of its deployed forces.

FISCAL YEAR 2004 BUDGET REQUEST

Question. The President's fiscal year 2004 budget requests $6.77 billion for the Coast Guard, which is approximately $700 million over the fiscal year 2003 level. Do you believe this is adequate funding to support the homeland security and non-homeland security activities of the Coast Guard?

Answer. The fiscal year 2004 budget reflects steady progress in our multi-year resource effort to meet America's future maritime safety and security needs. This new funding will positively impact our performance in all assigned maritime homeland security (MHS) and non-MHS performance goals. The multi-mission resources requested in the fiscal year 2004 budget are critical to overall mission balancing efforts and to the sustainment of the Coast Guard's high standards of operational excellence across all mission areas. It is important to note that every Homeland Security dollar directed to the Coast Guard will contribute to a careful balance between our safety and security missions, both of which must be properly resourced for effective mission accomplishment.

From the fiscal year 2002 enacted budget to 2004 request, the Coast Guard has received over 32 percent budgetary growth. This includes personnel Growth of 800 in fiscal year 2002, 1,400 in 2003 and nearly 2,000 in the fiscal year 2004 request. The Coast Guard's $6.7 billion request in fiscal year 2004, a 10 percent increase over the previous year's enacted budget, provides resources to perform increased

MHS operations and sustain non-MHS missions. It will specifically enable us to accomplish three primary goals:

Recapitalize Legacy Assets and Infrastructure: The Integrated Deepwater System is requesting funding for conversion of five 110′ patrol boats to more capable 123′ patrol craft, seven Short Range Prosecutor small boats, the first National Security Cutter (to be delivered in fiscal year 2006), the continued development of a Common Operating Picture (COP), command and control system at four shore-based command centers and the continuation of the Rescue 21 command and control communications project which will be 35 percent complete at end of fiscal year 2004 (100 percent complete by end of fiscal year 2006).

Build-Out Homeland Security Operations.—Increase our Maritime Domain Awareness by leveraging our recent inclusion in the National Intelligence Community and investing in communications capability that will enable us to remain interoperable with DOD, DHS modes, and other Federal, local and State agencies. The fiscal year 2004 request will also fund six new deployable Maritime Safety and Security Teams (for a total of 12 teams), 58 Sea Marshals, 43 Response Boats (Small) & 8 Response Boat (Mediums), the stand-up of Stations Boston and Washington (D.C.), two new Port Security Units (for a total of 12 teams) and nine 87′ Coastal Patrol Boats.

Sustain Non-HLS Missions.—Funding for 390 new personnel towards achievement of a 68-hour workweek at our multi-mission stations and a 12-hour watch standard at command centers. Resources area also included for training enhancements at the National Motor Lifeboat School and Boatswainmate "A" school.

Support of the President's fiscal year 2004 budget will enable the Coast Guard to meet the maritime safety and security challenges that America will face in the 21st century.

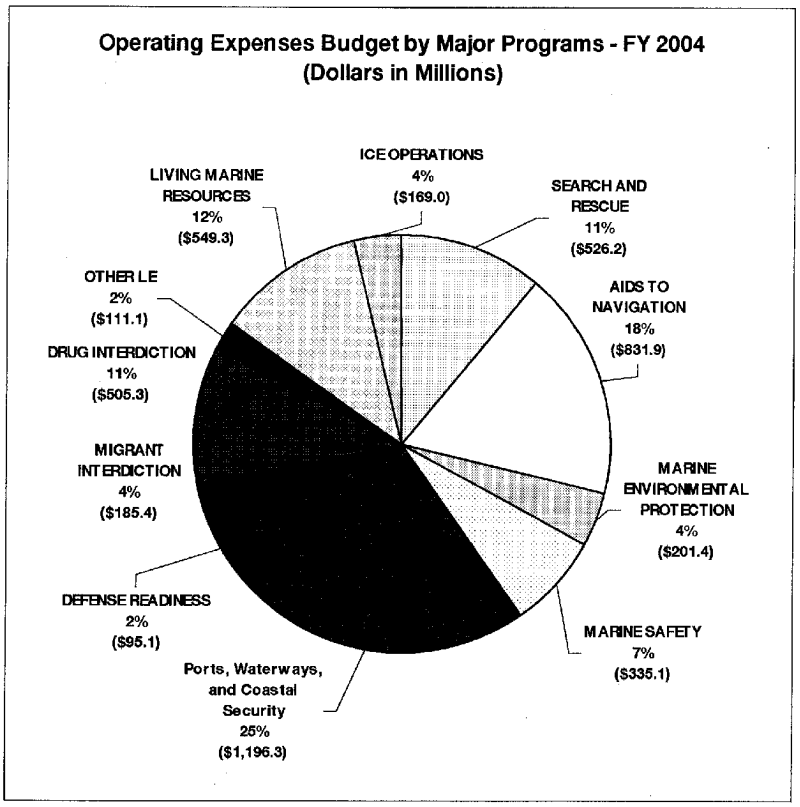
Question. How much of the proposed funding is for homeland security related activities and how much is for non-homeland security related activities?

Answer. The Coast Guard's fiscal year 2004 Operating Expenses (OE) budget is shown in both tabular and graphical form. This OE funding does not include Reserve Training (RT) or Environmental Compliance and Restoration (EC&R).

FY04 REQUEST

Homeland Security Mission	OE Expenses	
Ports, Waterways and Coastal Security	$1,196.3	
Defense Readiness	$95.1	
ELT-Migrant Interdiction	$185.4	
ELT-Drug Interdiction	$505.3	
ELT-Other	$111.1	
		% OF OE
HOMELAND SECURITY TOTAL	$2,093.2	44%
Non-Homeland Security Mission	OE Expenses	
Search and Rescue	$526.2	
Aids to Navigation	$831.9	
Marine Environmental Protection	$201.4	
Marine Safety	$335.1	
ELT-Domestic Fish	$549.3	
Ice Operations	$169.0	
		% OF OE
NON-HOMELAND SECURITY TOTAL	$2,612.9	56%

*ELT: Enforcement of Laws and Treaties



NOTE.—Graph does not include Reserve Training and Environmental Compliance and Restoration (RT and EC&R).

Question. The President's fiscal year 2004 budget proposes to consolidate several existing Coast Guard accounts: Operating Expenses, Environmental Compliance and Restoration, and Reserve Training into one Operating Expenses account; and Acquisition, Construction and Improvements and Research, Development, Test and Evaluation into one Capital Acquisitions account. Is this consolidation of accounts necessary? What is accomplished by combining these accounts?

Answer. The Coast Guard fully endorses the Administration's plan to consolidate six of its major appropriations into two larger appropriations for more consistency, simplicity, and flexibility across all of the Department of Homeland Security components. This consolidation will improve clarity of the Coast Guard's budget requests to Congressional oversight committees and simplify financial accounting.

Question. There is some concern that funding for the Reserve Training account may be used for other purposes if it is combined into the Operating Expenses account. This would be detrimental to Reserve readiness at a time when the Coast Guard is relying heavily on its Reserve units. Do you feel that funding for Reserve Training should stand alone to ensure that those funds are used for their intended purpose?

Answer. The Coast Guard fully endorses the Administration's plan to consolidate the Reserve Training accounts into the Operating Expenses account. This consolidation will improve clarity of Coast Guard's budget requests to Congressional oversight committees and afford efficiency in financial accounting. Consolidation of accounts will improve the Coast Guard's capability to train the Reserve Forces.

INTEGRATED DEEPWATER SYSTEM

Question. Some have suggested that Deepwater's 20-year duration should be cut in half. Such an action might increase costs by about $4 billion in fiscal years 2005–2010, although it might save about $4 billion in fiscal years 2010–2020. What would be the benefits of accelerating Deepwater and could the Coast Guard afford the increases associated with that acceleration?

Answer. The Integrated Deepwater System (IDS) is an integral part of every element of the Coast Guard's maritime homeland security (MHS) strategy and in balancing our non-MHS missions. MHS necessitates pushing America's maritime borders outward, away from ports and waterways so layered, maritime operations can be implemented. IDS will provide a network-centric system of Command, Control, Communications, Computers, Intelligence, Surveillance and Reconnaissance (C4ISR) that is critical for enhancing maritime domain awareness. Through common systems and technologies, common operational concepts, and a common logistics base, new and modernized IDS assets and equipment will provide increased capabilities, multi-mission readiness and availability, and interoperability with the Department of Defense and other Department of Homeland Security agencies.

Per the Coast Guard's March 7, 2003 Report to Congress on the Feasibility of Acceleration IDS to 10 years, accelerating IDS is feasible and provides increased operational capability sooner. It would expedite the introduction of C4ISR on new and legacy assets, improve system readiness and asset availability, and provide approximately 943,000 additional mission hours to support Maritime Homeland Security (MHS) and other Coast Guard non-MHS missions over a 20-year IDS implementation plan. The industrial base is more than sufficient for an accelerated build out of the IDS. Temporary workforce increases would be necessary to meet training and crew requirements associated with the accelerated plan but these are also manageable.

As provided in the Coast Guard Report to Congress, the following are the estimated capital acquisition funding levels needed to fund the proposed IDS in 10 years. These figures reflect "then-year dollars."

[Millions of dollars]

Fiscal year	10-Year
2002	$320
2003	478
2004	500
2005	1,892
2006	1,663
2007	1,506
2008	1,472
2009	1,428
2010	1,226
2011	988

Question. Some have suggested that the Deepwater program is already behind schedule in procurement because of insufficient funding and insist this program will be impossible to finish in 20 years. Do you think it's possible to complete Deepwater in 20 years at $500 million a year? If not, how do you think the plan should be revised?

Answer. Although the Integrated Coast Guard Systems (IDS) contracting strategy was chosen based on its flexibility to adjust to budget variances, funding below notional funding levels will increase the time and cost necessary to fully implement the Deepwater solution and delay needed capability improvements that IDS provides.

The March 7, 2003 Report to Congress on the Feasibility of Accelerating the Integrated Deepwater System provides a 20-year funding schedule that would complete the IDS initial build out approximately 2 years after the last funds were received. This funding is reproduced below:

CAPITAL ACQUISITION BUDGET EXPRESSED IN THEN YEAR (BUDGET) DOLLARS

Fiscal year	Millions of dollars
2002	320
2003	478

CAPITAL ACQUISITION BUDGET EXPRESSED IN THEN YEAR (BUDGET) DOLLARS—Continued

Fiscal year	Millions of dollars
2004	500
2005	871
2006	888
2007	608
2008	762
2009	768
2010	779
2011	790
2012	787
2013	855
2014	845
2015	908
2016	897
2017	919
2018	1,001
2019	1,016
2020	1,029
2021	1,001

Question. The Integrated Deepwater System was developed in 1998 and is therefore based on pre-September 11, 2001, Coast Guard mission requirements. Have you made revisions to the Deepwater plan since September 11, 2001, to coincide with the evolving mission of the Coast Guard? Please provide the Subcommittee with a comparison of the original (pre-9/11) and current (post-9/11) performance requirements of all Coast Guard assets included in the Deepwater program.

Answer. After September 11th, 2001 an assessment of Integrated Deepwater System (IDS) requirements was conducted by the Coast Guard's Assistant Commandant for Operations to determine whether the requirements needed to be revised in reponse to the Coast Guard's enhanced emphasis on Homeland Security. Based on those findings, a change to the Request for Proposal (RFP) was not necessary. The IDS System Performance Specification in the RFP was developed based on the global mission task sequence of Surveil, Detect, Classify, Identify and Prosecute (SDCIP). This task sequence is used in performing every IDS mission and is essential to effectiveness in Maritime Homeland Security (MHS) missions, as well as all non-MHS missions.

Consistent with the IDS acquisition strategy, potential operational requirements, including Maritime Homeland Security (MHS) requirements, are reviewed, identified, and evaluated for integration into the System Performance Specifications (SPS). Potential changes to the SPS, since September 11, 2001, are presently being assessed for associated performance, costs and schedule impacts, and the Coast Guard will work with the Department of Homeland Security to address these changes. Continual review and validation of requirements and incorporation of changes will occur throughout the course of the IDS program. The Coast Guard conducts regular briefs with our Congressional oversight committees, and if changes are being contemplated for final approval, Congress will be informed.

MARITIME DOMAIN AWARENESS

Question. Of the $34 million requested in the fiscal year 2004 budget for Maritime Domain Awareness, how much funding will be directed toward satellite channels for large cutters and satellite handsets for smaller assets, the Automated Identification System, and the Joint Harbor Operations Center?

Answer. Of the $34 million requested for Maritime Domain Awareness (MDA) in the fiscal year 2004 budget, $5.6 million will be provided for wireless communications for Coast Guard cutters, $4 million for Automatic Identification System (AIS) for cutters, and $1.1 million to provide permanent CG staffing for Joint Harbor Operations Center (JHOC) Hampton Roads. Additional information for each of these initiatives is provided below.

—Wireless Communications—$5.6 million

—This proposal requests $5.6 million in funding for wireless communications for Coast Guard cutters 65 feet and larger. Specifically, this initiative provides the following:

  —$3 million to install necessary satellite communications equipment on board Coast Guard cutters 210 feet and larger and lease dedicated satellite channels

and terrestrial landlines to link the satellite land earth stations to Coast Guard data networks.

—$2.6 million to design, install and support a wireless communications solution for Coast Guard cutters ranging in size from 65 to 180 feet in length. Commercial satellite communications, along with other types of wireless communications systems, will be evaluated as potential solutions to provide wireless connectivity to smaller cutters.

—AIS for Cutters—$4 million. This proposal requests funding to equip cutters 65 feet and larger with the capability to transmit and receive AIS transmissions.

—JHOC Hampton Roads—$1.1 million. This proposal requests funding to permanently staff JHOC Hampton Roads with 25 active duty military personnel and provide operation and maintenance funding for installed sensor equipment.

Question. If the Joint Harbor Operations Center is a project the Coast Guard is conducting in conjunction with the Department of Defense (DOD), how are the costs being shared between the Coast Guard and DOD? Do you have a specific breakdown, or proposed estimates?

Answer. Shortly after September 11, 2001, the Coast Guard Captain of the Port of Norfolk and the Commanding Officer of Naval Base Norfolk collaborated on the creation of a vessel monitoring system in the Port of Hampton Roads. This system was pieced together by integrating some existing Coast Guard test sensors (radar & cameras), a radar operated by the local Pilots, and some new equipment. A Joint Harbor Operations Center (JHOC) was established in an old degaussing tower at Naval Base Norfolk and staffed with Navy and Coast Guard reserve personnel to monitor all shipping that presented a potential threat to Naval assets or other critical infrastructure in the port.

This system benefits the port by providing improved situational awareness to those who are responsible for security in the port. The center reconciles all vessel arrivals with the required Advanced Notice of Arrival (ANOA) reports and coordinates Navy and Coast Guard escorting responsibilities for High Interest Vessels and High Value Assets arriving and departing Hampton Roads.

The Navy and Coast Guard are working together in a prototyping effort that seeks to enhance the JHOC in Hampton Roads and establish an additional JHOC in San Diego. The goal of these prototypes is to assist in refining our concept of operations and further specify requirements for a shared port security system that can be duplicated in other large Navy ports. The Coast Guard also anticipates using the knowledge gained through these prototypes to assist with development of similar robust surveillance system in strategic ports that do not have a significant Navy presence.

The costs to implement and operate the JHOCs will be shared equally between the Navy and Coast Guard. The initial estimate to implement this prototype effort is approximately $5 million ($2.5 million per port). The Coast Guard's portion of follow-on operation, maintenance, and staffing of JHOC Hampton Roads is included in the Coast Guard's fiscal year 2004 budget request.

Question. I am told that you plan to combine Coast Guard resources from the Automated Identification System (AIS) and Rescue 21 for a more cost-efficient placement of towers and receivers on land. If this is true, how do you plan to accomplish this goal? Was this plan taken into account when developing the fiscal year 2004 budget request?

Answer. As part of our effort to enhance Maritime Domain Awareness (MDA), the Coast Guard is evaluating a project to install a nationwide shore-based Universal Automatic Identification System (AIS) system capable of capturing essential MDA information (AIS provides identification, position, heading, ship length, beam type, draft, and hazardous cargo information from any AIS equipped vessel) throughout the coastal zone. The nationwide shore-based AIS concept envisions displaying AIS data at regional command centers for use by operational commanders, as well as transmitting the data to District and Area Fusion Centers for analysis and monitoring. Any effort to install a nationwide shore-based AIS system will consider the ongoing Rescue 21 project in order to leverage existing infrastructure and support to the greatest extent possible. The Coast Guard is currently evaluating the best approach to capturing AIS information throughout the coastal zone, thus funding for this system is not included in the Coast Guard's fiscal year 2004 budget request.

QUESTIONS SUBMITTED BY SENATOR ROBERT C. BYRD

DEEPWATER

Question. The Coast Guard awarded the Deepwater Contract to recapitalize, modernize and integrate all of their offshore ships and aircraft less than 1 year ago. That contract assumes a steady funding stream of $500 million per year for 20 years. Based in the funding appropriated to date, the Deepwater program is $202 million behind based on a $500 million per year level in fiscal year 1998 dollars. What is the shortfall to date if program management and inflationary escalators are factored in?

Answer. Industry teams used a notional annual planning funding stream of $300 million in fiscal year 2002 and $500 million from fiscal year 2003 in fiscal year 1998 dollars until project completion. In addition to the Request For Proposal (RFP) notional annual funding level, Deepwater estimated $30 million per year for government program management to administer the program. The difference between planned Deepwater funding for fiscal years 2002, 2003, and 2004 and appropriated funding results in a deficit of $202 million. This funding difference includes program management and inflationary escalators.

Question. Is the Deepwater contract being reevaluated to take into account the Coast Guard's enhanced focus on homeland security? If so, when will the evaluation be completed?

Answer. After September 11th, 2001 an assessment of Integrated Deepwater System (IDS) requirements was conducted by the Coast Guard's Assistant Commandant for Operations to determine whether the requirements needed to be revised in reponse to the Coast Guard's enhanced emphasis on Homeland Security. The system review indicated that the acquisition strategy and System Performance Specification (SPS) were still appropriate to address the spectrum of Deepwater missions. Based on those findings, a change to the Request for Proposal (RFP) was not required. However, it was also recognized that adjustments in system and individual asset capabilities and capacity would result as increased Maritime Homeland Security (MHS) and non-MHS mission demands emerged.

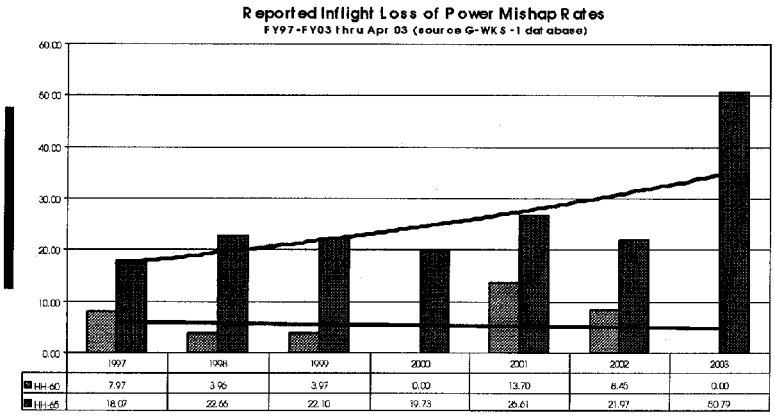
Consistent with the IDS acquisition strategy, potential operational requirements, including MHS requirements, are reviewed, identified, and evaluated for integration into the SPS. Potential changes to the SPS, since September 11, 2001, are presently being assessed for associated performance, costs and schedule impacts, and the Coast Guard will work with the Department of Homeland Security to address these changes. Continual review and validation of requirements and incorporation of changes will occur throughout the course of the IDS program. The Coast Guard will keep our Congressional oversight committees informed if changes are being contemplated for final approval.

Additionally, the Coast Guard is planning to evaluate the current implementation plan and work with the Department of Homeland Security to align as necessary capability and capacity with priorities and mission demand. An estimated time on when this evaluation will be complete has not been determined, however the Coast Guard will keep our Congressional oversight committees informed of its progress. This evaluation will take into account the enhanced focus on homeland security.

DOLPHIN HELICOPTER

Question. Operational Air Station Commanders have identified the safety record and extensive maintenance requirements of the HH–65 Short Range Recovery "Dolphin" Helicopter as their number one safety issue. The Coast Guard currently operates 96 of these helicopters throughout the nation. What is the performance record of the Dolphin Aircraft and how does it compare to the Coast Guard's other aircraft? The President's Budget for fiscal year 2004 requests $67.7 million for Deepwater Aviation Contracts and Legacy Sustainment. How much of this amount will go toward the re-powering of the "Dolphin" Helicopter and how is the Coast Guard managing this legacy asset in light of its safety record?

Answer. Since 1997, there have been 80 documented in-flight power losses/engine failures in the HH–65 fleet. The in-flight power loss trend for first half of fiscal year 2003 (6 months) is nearly twice the rate of the previous 6 years:



	1997	1998	1999	2000	2001	2002	2003
HH-60	7.97	3.96	3.97	0.00	13.70	8.45	0.00
HH-65	18.07	22.66	22.10	19.73	26.61	21.97	50.79

The 7-year average engine mishap rate (average number of mishaps per 100,000 flight hours) of the HH–65 engine is 25.99. This year the mishap rate is 50.79. Comparatively, the 5-year average engine mishap rate for the HH–60 is 5.44 with no mishaps this year.

There is no funding in the President's Budget for fiscal year 2004 for re-powering the Dolphin Helicopters. In April, 2003, the Coast Guard and Honeywell executed a Letter of Instruction to jointly develop solutions to HH–65 engine safety, reliability and operational concerns to include detailed plans for engine improvement implementation, operational evaluation, and spend plans associated with funding already appropriated by Congress (approximately $10 million).

The notional Deepwater Multi-mission Cutter Helicopter (MCH) solution is a converted HH–65 that includes new engines and extensive modifications to improve capability. We do not anticipate requesting funds for Deepwater's MCH until fiscal year 2005 with first delivery slated for fiscal year 2007. An engine decision for the MCH will also be made in fiscal year 2005.

Question. Will it be necessary to re-power all 96 "Dolphin" helicopters in the Coast Guard inventory? Have these costs been properly factored into the original Deepwater Contract? Is the Coast Guard evaluating an accelerated schedule to re-power the Dolphin Helicopter? If so, when will that evaluation be completed?

Answer. The notional Deepwater Multi-mission Cutter Helicopter (MCH) solution is a converted HH–65 that includes new more powerful engines and extensive modifications to improve capability. The new engine for the MCH will be obtained using the ICGS Open Business Model to ensure the best value for the Coast Guard, and the implementation plan includes upgrading 93 Dolphin Helicopters to the MCH configuration. We do not anticipate requesting funds for Deepwater's MCH until fiscal year 2005 with first delivery slated for fiscal year 2007. These costs are included in the Deepwater plan.

There is no on-going evaluation to accelerate the upgrade of the Dolphin Helicopter to the MCH. However, the Coast Guard has researched and prototyped other appropriate helicopter engines and in April 2003, the Coast Guard and Honeywell executed a Letter of Instruction to jointly develop solutions to existing HH–65 engine safety, reliability and operational concerns. These include detailed plans for engine improvement implementation, operational evaluation, and spend plans associated with funding already appropriated by Congress.

110 FOOT CUTTER HULL DETERIORATION

Question. The Coast Guard operates 49–110 foot Island Class Cutters. Many of these cutters are now operating past their intended 15 year life span. However, as part of the Deepwater Contract all of these Cutters will be fitted with 13 foot inserts to increase the size of the aft deck and to accommodate a stern mounted rescue boat. At the same time, many of these cutters are also experiencing excessive hull corrosion that has resulted in significant repair costs. What is the status of the hull corrosion issues associated with the 110 foot Cutter fleet? What cost has the Coast Guard incurred to date in order to repair these vessels? What is the total anticipated cost of the repair program, and are these costs incorporated into the Deepwater Contract? What is the anticipated life expectancy of these Cutters?

Answer. The service life of the Island Class 110 foot Patrol Boats is 25 years as a result of an early 1990s ship alteration to address hull stresses. A 2001 survey of each vessel showed that 22 of 49 110 foot WPBs were experiencing extensive hull corrosion.

To date, five cutters exhibiting the worst corrosion per the 2001 survey have received extensive hull renewal maintenance external to the 123 foot conversion project at an Operating Expense (OE) cost of $8.5 million. Two additional 110 foot WPBs are currently in commercial facilities for emergent hull repairs. Emergent hull repairs will continue to be accomplished on 110 foot WPBs as required. Since these emergent hull repairs are accomplished on a case-by-case basis, the total cost of repairs has not been estimated at this time.

The Deepwater 123 foot conversion plan does include renewal of corroded shell plate. The 123 foot Patrol Boat is estimated to have a 15 year service life.

COAST GUARD ACTIVITIES NEW YORK OPERATION TEMPO MARSEC II

Question. My staff was recently briefed on the level of resources needed to maintain a MARSEC II security level for Activities New York. How long has Activities New York been operating under a MARSEC II security level? Is Activities New York still operating under a MARSEC II security level? What impact does the recent decision by Secretary Ridge to lower the threat level from Orange to Yellow have on resource levels required for Activities New York? For Activities New York, provide the assets necessary, including personnel, to operate under MARSEC II level.

Answer. Activities New York operated at MARSEC Level Two for operation LIBERTY SHIELD from March 18, 2003 until April 18, 2003. Since April 18, 2003 Activities New York has been at MARSEC Level One with additional Coast Guard Reservists still on hand assisting with security for military in-loads and out-loads in support of Operation IRAQI FREEDOM. The decrease from MARSEC Level Two to MARSEC Level One was executed in accordance with the conclusion of operation LIBERTY SHIELD and the shift from threat level Orange to threat level Yellow as directed by the Department of Homeland Security. Consequently, the shift from MARSEC Level Two to MARSEC Level One has reduced the number of operational resources required by Activities New York for security operations.

Port-specific asset requirements for MARSEC Levels are classified. A classified briefing can be arranged if desired.

RADIATION DETECTION EQUIPMENT

Question. The Coast Guard's Radiological Detection Working Group recently identified a suite of radiation detection equipment for use by Coast Guard forces. Provide, for the record, a list of recommendations by the working group. What is the Coast Guard doing to address these recommendations? Does the fiscal year 2004 budget include resources to purchase radiation detection equipment for Coast Guard employees? Is so, please describe the request.

Answer. The Working Group has incorporated all of its recommendations into a draft Coast Guard Commandant Instruction (COMDTINST) for implementation Coast Guard wide. This COMDTINST is currently in the final review process and will be issued in the near-future.

To briefly summarize, the COMDTINST intends to implement a layered approach for detecting illegitimate radioactive sources to prevent and deter their entry into the United States. Most Coast Guard personnel that conduct safety and law enforcement missions on board vessels will be designated as Level I teams, outfitted with basic pager-style radiation detectors, and given proper training for their use. If they encounter radiation readings that are not associated with legitimate cargoes or machinery, they will contact Level II teams for assistance. These Level II teams will be located on major cutters, Maritime Safety and Security Teams, Law Enforcement Detachments, Port Security Units, and Strike Teams. They will have more advanced searching and isotope identification equipment to further determine if the source is legitimate. If the Level II team is unable to determine whether the source is safe, procedures have been established to rapidly access Department of Energy Radiological Assistance Program (RAP) teams for final disposition.

The Coast Guard is in the final procurement stages for an initial purchase of equipment. The fiscal year 2003 budget contains over $17 million in funds for Chemical, Biological, and Radiological protection and detection equipment. The Coast Guard will use these funds to procure initial outfits of the equipment recommended by the Working Group.

MISSION REQUIREMENTS

Question. The General Accounting Office has reported on several occasions that it is skeptical about the Coast Guard's ability to meet its responsibilities for all of its missions due to the increase in post 9/11 homeland security requirements. The Homeland Security Act clearly states that the capabilities of the Coast Guard to perform its missions shall be maintained intact and without significant reduction. In light of that requirement, what would be the cost to return all law enforcement missions to 93 percent of pre-September 11th levels in fiscal year 2003? What funding level, above the President's Request for fiscal year 2004, would be necessary to return all law enforcement missions to 95 percent of pre-September 11th levels by the end of 2004? These estimates should assume that the Coast Guard will continue operate under various levels of maritime security.

Answer. The Coast Guard is pursuing a multi-year resource effort to perform an enhanced level of Maritime Homeland Security (MHS) while sustaining our non-MHS missions near pre-9/11/01 levels. Although we do have capacity, capability and operational tempo challenges to sustaining mission balance, the Coast Guard will continue to emphasize all of our missions. At the end of the day, we are focused on performance-based results and not only resource hours. The perspective through the performance lens illustrates that our non-Homeland Security missions are not suffering. The fiscal year 2002 Performance Report/fiscal year 2004 Budget in Brief (BIB) provides documentation of the Coast Guard's high performance levels across our full mission spectrum. For example, in fiscal year 2002 the Coast Guard:

—Seized the third highest cocaine total in service history,
—Interdicted or deterred illegal immigration by sea at a rate of 88.3 percent (which exceeded our target of 87 percent),
—Reduced the volume of oil spilled per million gallons shipped to 0.6 gallons (which was well below our target of 2.5 gallons), and
—Further reduced the number of maritime worker fatalities to 4.3 per 10,000 workers (which is below our target of 8.7).

A necessary first step is base-lining our maritime Homeland Security (MHS) requirements to help balance our other missions. To accomplish this, the Coast Guard has focused on a Strategic Deployment Plan (SDP) for implementing the maritime component of the President's National Strategy for Homeland Security. Various components of our Maritime Security Strategy Deployment Plan are under development, with the first component to be completed in May of 2003.

These MHS requirements will roll into a comprehensive blueprint to achieve overall mission balance. This blueprint will consider budgetary inputs, resource activity levels, multi-year mission targets and mission performance outcomes. Our existing strategic planning process and performance plans will serve as the cornerstone of an integrated approach emphasizing three general areas of effort: preserving non-MHS missions, conducting MHS missions, and maintaining military readiness to conduct Defense Operations when tasked. The planning process provides the ability to detail the difference between pre and post-9/11 levels of effort and performance in missions. We anticipate completion of the comprehensive blueprint for mission balancing by the end of fiscal year 2003.

The multi-mission resources requested in the fiscal year 2004 budget are critical to overall mission balancing efforts and to the sustainment of the Coast Guard's high standards of operational excellence across all mission areas. It is important to note that every Homeland Security dollar directed to the Coast Guard will contribute to a careful balance between our safety and security missions (including law enforcement), both of which must be properly resourced for effective mission accomplishment. The fiscal year 2004 budget reflects steady progress in a multi-year resource effort to meet America's future maritime safety and security needs. This new funding will positively impact our performance in all assigned MHS and non-MHS goals.

PORT SECURITY ASSESSMENTS

Question. Part of the Coast Guard's Maritime Homeland Security Strategy is to reduce America's vulnerability to terrorism within the U.S. Maritime Domain. The Maritime Transportation Security Act mandates that the Secretary of the Department in which the Coast Guard is operating conduct initial facility and vessel vulnerability assessments. These assessments are to be the basis for a new requirement for facility and vessel security plans. The Coast Guard has established a plan to conduct security vulnerability assessments for 55 ports but has only completed 15 assessments to date with 4 more scheduled for this year. Based on the President's budget, when will these assessments be completed? Now that Congress has

added $38 million in the fiscal year 2003 emergency supplemental, when will these assessments be completed and is the $38 million sufficient to complete them?

Answer. The Maritime Transportation Security Act of 2002 (MTSA) requires two distinct assessments. The first is an "initial assessment" to determine which facilities and vessels are at high risk of being involved in a transportation security incident (TSI). Depending on the outcome of that initial assessment, the MTSA requires a "detailed assessment" of those vessels and facilities that may be involved in a TSI. The Coast Guard accomplished the "Initial Assessments" required by MTSA by providing Captains of the Ports (COTPs) with a Port Security Risk Assessment Tool (PS–RAT), which ranked relative consequence and risk within a port. These initial PS–RAT assessments were analyzed at the national level to assist in determining which vessels and facility types pose a higher security risk and will require a "detailed assessment," and individual facility and vessel security plans.

Port Security Assessments (PSAs) are conducted by a team of Coast Guard and contracted security experts and provide a level of detail that the port stakeholders cannot achieve on their own. PSAs will address various facets of the port not covered by individual facility and vessel assessments, and they will directly feed into the Area Maritime Security Plan required by the MTSA. Port Security Assessments (PSAs) have been completed at 13 of the 55 port complexes to date.

The President's Budget included sufficient funding within the Information Analysis and Infrastructure Protection (IAIP) Directorate of DHS to complete all 55 assessments by the end of calendar year 2004. The $38 million provided in the Emergency Wartime Supplemental has allowed the Coast Guard to immediately initiate the contracting actions necessary to get assessment teams into the field. The $38 million will cover the contract costs for the remaining ports, but does not include funding for Coast Guard program support, personnel costs, or travel to support the PSAs. The Coast Guard will continue to work with IAIP to ensure the viability of the PSA program, and to provide a coordinated and consistent assessment effort across all critical infrastructures.

Question. First, what conclusions can you share on the assessments that have been completed to date?

Answer. The Assessments highlighted common deficiencies across all 13 ports. Some general examples are:

—Many commercial vessels, waterfront facilities and port areas do not have adequate security plans.
—Inadequate security training for commercial vessel and facility operators.
—Governmental Agencies do not conduct adequate security exercises to ensure coordinated consequence management and crisis response.
—High consequence facilities often have adequate shore-side security, but lack adequate waterside protection against terrorist intrusion/attack.
—A lack of communication links between responsible stakeholders, and a lack of real time Maritime Domain Awareness (MDA).
—Local, state and Federal response/security/law enforcement organizations need more resources to maintain high level of security in ports.
—Limited sharing of classified or Sensitive Security Information (SSI) observations.
—No worker and visitor credentialing system.
—Bureau of Immigration and Customs Enforcement checks at first port of call only.
—Facilities do not account for crews.

Specific PSA results are designated as Sensitive Security Information.

Question. Secretary Ridge testified that the $700 million appropriated for critical infrastructure in the fiscal year 2003 Supplemental and the $829 million request in fiscal year 2004 for Information Analysis and Infrastructure Protection will be available for the Coast Guard to conduce these assessments. Has any funding been provided to the Coast Guard from these accounts for the purpose of port security assessments? Do you know of any plans to utilize funding from these accounts for port security assessments?

Answer. The Secretary of Homeland Security and Commandant of the Coast Guard have both stated the intent to have all 55 ports completed by the end of calendar year 2004 with funds contained in the Department's fiscal year 2004 budget request. The $38 million (from the fiscal year 2003 Emergency Wartime Supplemental) will cover the contract costs for the remaining ports, but does not include funding for CG program support, CG personnel costs, or CG travel to support the PSAs. The Coast Guard will continue to work with the Information Analysis and Infrastructure Protection (IAIP) to ensure the viability of the PSA program, and to provide a coordinated and consistent assessment effort across all critical infrastructures.

C—130S AND MPA AIRCRAFT

Question. In fiscal year 2001, Congress appropriated $468 million for six C–130J long-range maritime patrol aircraft. The language that accompanied this funding in fiscal year 2001 required that these planes meet defense-related and other elements of the Coast Guard's multi-mission requirements. What is the funding level is required to outfit these planes to fulfill the Coast Guard's Marine Patrol aircraft surveillance mission? What is the schedule to complete this requirement for the 6 planes?

Answer. The Coast Guard needs $230 million to complete the C–130J missionization and make the aircraft fully mission capable, maritime patrol aircraft (MPA). This funding will be utilized to procure sensors, communications, computers and other systems necessary to missionize them for Coast Guard maritime patrol operations. The Coast Guard is working with DHS to determine the source and timing of this funding. Prior to becoming fully missionized, the aircraft will be flown for logistics purposes, testing, training and limited operational missions. Once the HC–130J's are fully mission capable, estimated in the summer of 2008, the Coast Guard plans to use them as replacements for existing HC–130H aircraft.

RESEARCH & DEVELOPMENT FUNDING

Question. The budget request includes $22 million for the Coast Guard's Research and Development program to develop enhancements to homeland security functionality for U.S. ports. What systems are being developed to improve port, waterways and coastal security and to the extent you can, provide a schedule for deployment?

Answer. The Coast Guard's fiscal year 2004 Research, Development, Testing and Evaluation (RDT&E) request provides funding to develop techniques, equipment, and systems to enhance the Coast Guard's capabilities to perform the full range of Coast Guard missions. Investments will focus on improvements to maritime homeland security in the port domain while continuing research in other Coast Guard mission areas, including search and rescue, marine safety, marine environmental protection, aids to navigation, and ice operations.

Specific planned RDT&E initiatives primarily focused on the performance of maritime homeland security missions (Ports, Waterways and Coastal Security and Enforcement of Laws and Treaties) are listed below.

Improved Maritime Domain Awareness

Develop a high frequency radar system that provides wide area surveillance of coastal zones. Anticipate completing preliminary operational evaluation during second quarter of fiscal year 2004.

Demonstrate an operational Port Security System that combines surface search radar with visual and infrared cameras to detect and identify targets. Fiscal year 2003 efforts prompted a follow-on expanded demonstration that is planned for 3rd quarter of fiscal year 2004.

Evaluate portable thermal imaging technology to enhance all-weather, day/night surveillance capability on Coast Guard patrol boats and Multi-Mission Station assets. Prototype testing is expected to begin during the 1st quarter of fiscal year 2004. Model candidate port sensor systems to evaluate relative performance and develop concept of operations for consideration during future sensor acquisitions. Sensor modeling will be a continuous effort with frequent reports throughout fiscal year 2004.

Monitor capabilities of unmanned and autonomous vehicles (air, surface and subsurface) through Department of Defense research partnerships and relationships with industry. Perform continuous evaluation of applicability of vehicles to enhance performance of Coast Guard missions.

Enhanced Chemical, Biological, Radiological and Nuclear Detection Capability: Develop and evaluate technology to provide standoff capability for detecting the presence of nuclear or radiation agents. Completion of initial testing is scheduled for the 4th quarter of fiscal year 2004.

Develop a portable "electronic nose" device that will alert Coast Guard boarding personnel to harmful chemical warfare or toxic industrial agents at pre-debilitating levels. Anticipate initial prototype testing to be completed in the 3rd quarter of fiscal year 2004.

Improved Interdiction Capabilities

Develop a helicopter-deployable entangling device to stop non-compliant high-speed craft. Anticipate completing testing during 2nd quarter of fiscal year 2004. Research and develop alternative methods and deployable devices to gain control/

interdict non-compliant vessels. Anticipate reporting results during the 4th quarter of fiscal year 2004.

Question. Public Law 107–296, the Homeland Security Act of 2002, created the Homeland Security Advanced Research Projects Agency (HSARPA) to support basic and applied research to help promote homeland security. The Department's fiscal year 2004 budget request for HSARPA is $365 million. The Homeland Security Act requires that at least 10 percent of the funding be used in joint agreement with the Coast Guard to carry out research and development of improved ports, waterways, and coastal security surveillance and protection capabilities. What is the status of this agreement?

Answer. The Department of Homeland Security (DHS) has not yet issued policy or directives regarding the execution of Homeland Security Advanced Research Projects Agency (HSARPA) funding. The Coast Guard is currently working with DHS to develop processes and policy for compliance with Section 307 of the Homeland Security Act.

AUTOMATED IDENTIFICATION SYSTEM

Question. The Maritime Transportation Security Act and the International Ship and Port Security Code require that an Automated Identification System (AIS) be installed on all vessels entering U.S. ports by December 31, 2004. How will the Automated Identification System enhance Homeland Security? In terms of implementation, can you explain the difference in requirements, those for the shipping companies and those for the Coast Guard?

Answer. The Automatic Identification System (AIS) is an information collection, processing and decision support system that will be a key data stream for achieving Maritime Domain Awareness (MDA), a cornerstone of the Coast Guard's maritime homeland security strategy. MDA is essentially a heightened state of awareness of the maritime environment and is built upon knowledge and understanding of the presence, identification, track, intentions and contents of vessels operating in U.S. ports, waterways and littoral seas.

AIS contributes to MDA by means of an onboard transmitter/receiver that can operate in conjunction with a shore-side receiving and distribution network to produce a composite traffic image of all AIS-equipped vessels operating within its horizon (line-of-sight). The Coast Guard is currently working with the Department of Homeland Security and the Administration to promulgate regulations on specific AIS carriage requirements for vessels. The Coast Guard plans to outfit all Coast Guard cutters over 65 feet in length with AIS capability.

Question. What ports are scheduled to receive this technology? What is the schedule, by fiscal year, to outfit these ports with the AIS and the associated cost?

Answer. The acquisition and installation of Automatic Identification System (AIS) equipment in the ports of Sault Ste Marie and Berwick Bay is complete. AIS equipment installation has been contracted to begin in five additional Vessel Traffic Service (VTS) ports as indicated in the following table.

Port	Scheduled AIS Installation
Lower Mississippi River, LA	May 2003
Prince William Sound, AK	July 2003
Houston/Galveston, TX	July 2003
New York, NY	October 2003
Port Arthur, TX	January 2004
Puget Sound	Not yet scheduled
San Francisco Bay	Not yet scheduled

To date, $22.9 million has been funded in the fiscal year 2002 Supplemental Appropriation and $5 million in fiscal year 2003 for installation and implementation at the above listed ports.

Long-term goals for enhancing maritime domain awareness include developing and installing a National AIS coverage system based on the technology and processes used at the VTS ports. This network would first be introduced in congested waterways and in ports with critical military or commercial infrastructure. The exact sequence of implementation has not been determined. These sites would be connected to a network that allows access to the AIS information. Each site requires a tower, an AIS base station unit, and an interface for data connectivity to the network. Currently, Coast Guard Program Managers responsible for the Rescue 21 and AIS projects are working closely to identify common requirements and strategies to best support both initiatives. Liaison areas include shared tower locations, commercial leases, and microwave bandwidth requirements.

QUESTIONS SUBMITTED BY SENATOR PATTY MURRAY

HAS OPERATION IRAQI FREEDOM FURTHER DIMINISHED COAST GUARD ABILITIES IN U.S. WATERS?

Question. Admiral Collins, you pointed out that, for the first time since the Vietnam War, the Coast Guard has deployed a considerable number of ships and people overseas—in this case, to participate in Operation Iraqi Freedom. You went on to say that this deployment did not hinder your operational capabilities in the United States because it represented only three percent of your entire force. However, your statement failed to mention that in addition to deploying these ships overseas, you are taking additional patrol boats out of service—about one a month—for major modifications as part of your Deepwater program. And two the ships you have sent overseas are High Endurance Cutters—ships that are particularly well suited for high seas missions like fisheries patrols. The entire Coast Guard only has 12 of these ships. The General Accounting Office quoted a Coast Guard official as stating that the decline in both drug enforcement and fisheries enforcement can be attributable not only to your heightened homeland security requirements, but to the deployment of resources for military operations. Can you quantify what number of fisheries and drug interdiction patrols did not take place as a result of your deployment of floating assets to the Persian Gulf?

Answer. The deployment of floating assets to the Persian Gulf has not in and of itself resulted in a decline in fisheries and drug enforcement patrols.

Every year, two High or Medium Endurance Cutters (the Coast Guard has 42 high and medium endurance cutters in commission) participate in Department of Defense exercises and other out of hemisphere operations. This year those cutters were redirected to participate in Operation IRAQI FREEDOM, thus not directly impacting our counter-drug and fishery efforts.

In addition to the High Endurance Cutter deployments, the Coast Guard deployed eight 110-foot patrol boats. To compensate for those patrol boats deployed overseas, undergoing a hull sustainment project, or undergoing modifications as part of the Deepwater program, the Coast Guard increased the operational tempo of remaining cutters to 125 percent of their normal pace. Additionally, the Navy allowed our tactical control of 11 170′ Patrols Coastals to augment stateside requirements.

The net effect of the IRAQI FREEDOM operational decisions and corresponding risk mitigation measures is no reduction in fisheries or drug interdiction patrols. The Coast Guard has however, had slight reductions in these patrols due to the number of surge operations as a result of several "orange" Homeland Security Advisory System alerts. Although we do have capacity, capability and operational tempo challenges to sustaining mission balance, the Coast Guard will continue to emphasize all missions, and temporarily surge as timely intelligence dictates is appropriate. At the end of the day, we remain focused on performance-based results and not only resource hours. The perspective through the performance lens illustrates that our non-Homeland Security missions are not suffering. The fiscal year 2003 Report/fiscal year 2004 Budget in Brief (BIB) provides documentation of the Coast Guard's high performance levels across our mission spectrum. For example, in fiscal year 2002 we seized the third highest cocaine total in our history, we interdicted or deterred illegal immigration by sea at a rate of 88.3 percent which exceeded our target of 87 percent, we reduced the volume of oil spilled per million gallons shipped to 0.6 gallons which was well below our target of 2.5 gallons, and continued to reduce the number of maritime worker fatalities to 4.3 per 10,000 workers which is below our target of 8.7.

Question. Now that hostilities have largely ceased, what is your schedule for bringing back each unit that is deployed to assist in Operation Iraqi Freedom? When, for example should we expect the High Endurance Cutters to return? What about the Port Security Units?

Answer. Deployed Coast Guard forces will be returned when the Combatant Commander determines their mission has been completed. Thus far, two high endurance cutters, four patrol boats, the buoy tender, and a variety of shore-side Coast Guard components have been released. BOUTWELL and DALLAS commenced their return trips on May 14th. DALLAS is escorting the four patrol boats that were deployed to the Mediterranean Sea. BOUTWELL is completing previously scheduled Theater Security Cooperation activities during her return transit. WALNUT also commenced her return trip on May 14th.

The patrol boats BAINBRIDGE ISLAND, GRAND ISLE, KNIGHT ISLAND, and PEA ISLAND, all deployed to the Mediterranean, have been released and commenced a return trip to the United States in company with the DALLAS. Personnel from Port Security Unit 305, the Atlantic Strike Team Detachment, the Mediterra-

nean Mobile Support Unit and Law Enforcement Detachments #204, 205 and 411 have already returned to the United States. Their equipment will follow by sealift.

Coast Guard patrol boats, port security units, law enforcement detachments, and supporting structure remain in the Arabian Gulf fulfilling port and coastal security missions for the Combatant Commander.

Question. Many of the patrol boats that were deployed to the Iraqi theater performed fisheries enforcement missions off of New England. When do you expect that all of those boats will be returned to their home ports?

Answer. Four of the eight deployed patrol boats traditionally conducted fisheries enforcement missions off the New England coast. Two of those patrol boats, BAINBRIDGE ISLAND and GRAND ISLE, have started their return trip to the United States from the Mediterranean. Their estimated arrival at Norfolk VA is 11 June. After several weeks of necessary maintenance, they will return to their original homeports of Sandy Hook, NJ and Gloucester, MA.

The other two patrol boats, ADAK and WRANGELL, are deployed to the Arabian Gulf and continue to perform duties for the combatant commander. No departure date has been established for these patrol boats.

The Coast Guard temporarily relocated BLOCK ISLAND to Gloucester, MA upon the departure of the GRAND ISLE. The BLOCK ISLAND will return to its normal homeport of Atlantic Beach, NC upon the arrival of GRAND ISLE.

Question. What has been the impact on your other Coast Guard units that have been required to "pick up the slack" for the units that have been deployed overseas? Is their higher operating tempo sustainable over the long term?

Answer. To compensate for the patrol boats deployed overseas, the Coast Guard increased the operational tempo of remaining cutters by 25 percent. This temporary surge capability is sustainable through the remainder of fiscal year 2003.

WILL COAST GUARD BE ABLE TO HANDLE A MAJOR MIGRANT INFLUX?

Question. Admiral Collins, in your testimony, you point out the remarkable flexibility that the Coast Guard exhibits at times of national crisis. It is something that I and all senators should be immensely proud of. One of the areas where the Coast Guard has shown extraordinary flexibility in the past is when we have experienced a massive influx of migrants attempting to reach U.S. shores from Cuba or Haiti. We have all read with concern the heightened numbers of arrests as well as executions in Cuba. You, of course, get additional intelligence briefings on the instability in that country. Whenever we have had these massive influxes of migrants in the past, the Coast Guard effectively threw almost every floating asset they had to attack the problem. Given your current deployment of so many vessels overseas, as well as other patrol boats being sent to the shipyard for major overhauls, are you at all concerned about your ability to handle a sudden influx of migrants at this time?

Answer. The Coast Guard continues to monitor migrant departures, and maintains an effective presence in the transit and arrival zones. The summer months typically yield higher maritime migrant flow, and the Coast Guard allocates additional resources to facilitate interdiction and timely repatriation in order to prevent future departures. In the event that migration numbers approached mass migration levels that exceed our capacity, the Coast Guard would look to the Department of Defense for additional assistance.

Question. During major migrant influxes in the past, you have had the benefit of some Navy ships being brought under your command to assist in rescuing migrants. Given the current deployment of so many Navy ships overseas, are you confident that you will have the level support from the Navy that is needed if there is a major influx of migrants?

Answer. In the event of a mass migration, the Coast Guard would receive assistance from the Navy as outlined in "Operation Distant Shore—Mass Migration Emergency Plan." The Coast Guard has no indication that the Navy would not be able to provide the required assets if needed.

Question. Migrant interdiction is another mission where your hours have declined considerably from pre-September 11th levels. What can you tell me regarding the impact of this declining effort on our ability to protect against illegal migrants being smuggled to the West Coast of the United States from Asia? Have you been able to follow up on all intelligence leads indicating that there may be illegal migrants aboard ships bound for the West Coast?

Answer. While the Coast Guard's Abstract of Operations data indicated a reduction in resource hours attributed to the Migrant Interdiction mission in the two fiscal quarters following the September 11, 2001 attacks, the data for the past three

quarters indicates a far different picture. The Coast Guard is currently expending more effort in the Migrant Interdiction mission than before September 11, 2001.

The direct arrival of Asian migrants on the West Coast of the United States has significantly declined since 1999. However, Asian migrant smugglers continue to use low profile methods to move their human cargo. While intelligence regarding Asian migrant smuggling events is rare, the Coast Guard has been able to respond to reported events with considerable success.

HOW DID THE COAST GUARD RESPOND TO THE COMMITTEE DIRECTIVE TO REBALANCE MISSIONS?

Question. Admiral Collins, as part of the 2003 Appropriations Bill, in which you were provided with a record increase in funds, the Committee directed you to seek to use this increased funding to rebalance your level of effort between missions and bring your non-homeland security missions to the maximum amount possible back to pre-September 11th levels. A review of the data that I discussed in my opening statement makes clear that that has not taken place. How precisely did the Coast Guard respond to the Committee's directive? Should we expect to see any progress over the remainder of 2003 in seeing drug interdiction, fisheries enforcement and marine safety returned to their pre-September 11th levels?

Answer. Prior to the attacks of 9/11, the Coast Guard had committed less than 2 percent of its assets to active port security duty. Immediately after 9/11, the Coast Guard surged nearly 60 percent of its assets in immediate support of port security. Since then, we have rebalanced our assets to provide roughly 28 percent of our assets in coverage of port security. In so doing, we have used the additional funding provided by Congress to establish new security capabilities in critical ports, and we are in the process of adding those same capabilities to all critical ports, as funding allows. This added funding has permitted the Coast Guard to return its other assets to the non-Homeland Security mission portfolio.

The results speak for themselves. In fiscal year 2002 we seized the third highest cocaine total in our history, we interdicted or deterred illegal immigration by sea at a rate of 88.3 percent which exceeded our target of 87 percent, we reduced the volume of oil spilled per million gallons shipped to 0.6 gallons which was well below our target of 2.5 gallons, and continued to reduce the number of maritime worker fatalities to 4.3 per 10,000 workers which is below our target of 8.7. For a detailed record of actual resource hours across all missions for the first final quarters of fiscal year 2003, please see the report to Congress entitled Quarterly Abstract of Operations. In addition, our fiscal year 2003 Report/fiscal year 2004 Budget in Brief provides documentation of the Coast Guard's high performance levels across our mission spectrum.

Our service remains fully committed to sustaining operational excellence across all our missions and to achieving the appropriate balance between non-homeland security and homeland security mission. The Coast Guard is pursuing a multi-year resource effort to perform an enhanced level of Maritime Homeland Security while sustaining our Non-Maritime Homeland Security missions near pre-9/11 levels.

Although we do have capacity, capability and operational tempo challenges to sustaining mission balance, the Coast Guard will continue to emphasize all of our missions. At the end of the day, we are focused on performance-based results and not only resource hours. The perspective through the performance lens illustrates that our non-Homeland Security missions are not suffering.

IS DEEPWATER PATROL BOAT LIFE EXTENSION PROGRAM BEING RECONSIDERED?

Question. Admiral Collins, under your plans for the Deepwater Program, you intent to take your 110-foot patrol boats and extend their service life by adding an additional 13 feet to each boat and renovating the rest of the ship. I understand that early indications are that these patrol boats may be showing greater wear and tear and corrosion than was originally anticipated. This will add to the overall cost of extending the life of these ships and may call into question the wisdom of extending them for several more years. What can you report to us about these early indications that these patrol boats need a great deal more work than was originally anticipated? Is the Coast Guard currently reconsidering whether your entire fleet of 110-foot patrol boats should be restored in this manner? What alternatives are you contemplating?

Answer. The 49 Island Class 110-foot patrol boats in the Coast Guard inventory have proven to be quite versatile, highly effective resources, which are employed for a wide range of Coast Guard missions. The demand for these workhorses has created an intense operational tempo that has resulted in a more rapid degradation

of their material condition than was originally forecast in 1998 at Deepwater's inception.

A 2001 survey of each vessel showed that 22 of 49 110-foot WPBs were experiencing extensive hull corrosion. To date, five cutters exhibiting the worst corrosion per the 2001 survey have received extensive hull renewal maintenance external to the 123-foot conversion project at an Operating Expense appropriation cost of $8.5 million. Two additional 110-foot WPBs are currently in commercial facilities for emergent hull repairs. Since these emergent hull repairs are accomplished on a case-by-case basis, the total cost of repairs has not been estimated at this time.

The Coast Guard is currently evaluating the scope of the Deepwater 123-foot conversion project. Emergent hull repairs will continue to be accomplished on 110-foot WPBs as required.

Question. Admiral Collins, when it was originally conceived, the Deepwater program was anticipated to grow above the $500 million level by certain increments each year in order to achieve the total amount of recapitalization that the Coast Guard requires to execute its many missions. However, for the last two budget cycles, the President's budget has effectively frozen funding for the Deepwater program at $500 million. What would be the long-term impact on the Deepwater program if funding remained frozen at $500 million for the next several years? Will the Coast Guard be able to recapitalize all its assets on its original schedule at this level of funding?

Answer. The IDS contracting strategy was chosen based on its flexibility to adjustment to budget variances. Funding below notional funding levels will increase the time and cost necessary to fully implement the Deepwater solution and delay needed capability improvements that IDS provides. With a funding profile of $500 million annually in appropriated-year dollars, it would take at over 27 years to acquire the assets included in the IDS implementation plan.

Question. One of the provisions included in the Homeland Security Act was a report on the feasibility of expediting the Deepwater Program in order to replace your aging assets more quickly. The report that was submitted to the Congress confirmed that it was feasible to expedite the Deepwater Program and that such an action would indeed save the taxpayer several billion dollars. To your knowledge, is any real consideration being given within the Administration to requesting funds to expedite the completion of the Deepwater program? We certainly don't see such an effort in the 2004 budget request.

Answer. The Administration considers Integrated Deepwater System (IDS) funding in conjunction with all agency requests based upon national priorities. The President's fiscal year 2004 request of $500 million for the IDS funds critical initiatives and is consistent with the fiscal year 2004 funding level reflected in the March 7, 2003 Report to Congress on the Feasibility of Accelerating IDS to 10 years. The IDS contracting strategy provides the Coast Guard the flexibility to adjust the proposed implementation schedule depending on budget variances. The Coast Guard will continue to work with the administration on appropriate funding of Deepwater.

DEFICIENCIES IN SEARCH AND RESCUE PROGRAM

Question. Both in the 2002 and 2003 Appropriations Act, we statutorily required you to boost funding for your search and rescue program by $14.5 million and $15.7 million, respectively. The Committee took these action in response to reports from the DOT Inspector General that were extraordinarily critical of the overall readiness of your search and rescue boat stations; the condition of their equipment; and the inadequate training and experience levels that were found among your boat crews.

The 2002 Appropriations Act required the DOT Inspector General to certify that you actually spent the money as the Committee intended. The 2003 Act requires the General Accounting Office do the same thing. Unfortunately, the Inspector General was not able to certify that you did spend the money specifically on Search and Rescue improvements. While there was a substantial increase in the number of people assigned to your small boat stations, the IG could not certify that these funds were specifically used to increase the readiness, training, or experience levels of the individuals serving at the boat stations. Needless to say, I was greatly disappointed by IG's report.

Should we expect a similar report from the GAO regarding the Search and Rescue enhancement funds that we provided you for 2003? Will you be able to show the GAO as well as the Committee that you spent this $14.5 million specifically to address your Search and Rescue shortfalls?

Answer. In 2002, the Coast Guard spent in excess of $14.5 million to improve Search and Rescue and boat operation capabilities. The DOT IG audit agrees with that statement. The audit, however, was critical of our accounting practices rather

than the actual amount of expenditure itself. The Coast Guard acknowledges we could have tracked specific expenditures better to allow greater transparency for the DOT IG Search and Rescue audit analysis, and we will work with GAO to account for direct expenditures against specifically appropriated budget initiatives.

The Coast Guard's system provides reliable, repeatable correlations between mission activity and spending. The method, which was developed for the Coast Guard by KPMG Consulting (now BearingPoint, Inc.), is based on highly reliable cost data that is reconciled to our audited financial statements. It utilizes state of the market analytical tools and the latest activity-based costing protocols to apply organizational costs incurred by Coast Guard units against actual operational activity data to allocate costs across mission areas. For example, a Coast Guard Multi-Mission Station's mission allocation may result in 20 percent of operational activity tied to the performance of the Search and Rescue (SAR) mission over a set time period. Thus, based on standard activity based costing procedures, 20 percent of the organizational expenses associated with that Multi-Mission Station during that time frame are allocated as SAR expenses.

SUBCOMMITTEE RECESS

Senator COCHRAN. Director Basham, Admiral Collins, we appreciate your cooperation with our committee. We also appreciate your service to our country.

We will continue our hearings to review the fiscal year 2004 budget request for the Department of Homeland Security on Tuesday, May 6, at 10 a.m., in room 124 of the Dirksen Senate Office Building. At that time, we will hear the testimony of the Under Secretary for Border and Transportation Security, the Honorable Asa Hutchinson.

Until then, the subcommittee stands in recess.

[Whereupon, at 12:17 p.m., Thursday, May 1, the subcommittee was recessed, to reconvene at 10 a.m., Tuesday, May 6.]

DEPARTMENT OF HOMELAND SECURITY APPROPRIATIONS FOR FISCAL YEAR 2004

TUESDAY, MAY 6, 2003

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

The subcommittee met at 10 a.m., in room SD–124, Dirksen Senate Office Building, Hon. Thad Cochran (chairman) presiding.

Present: Senators Cochran, Campbell, Byrd, Inouye, Hollings, Leahy, and Kohl.

DEPARTMENT OF HOMELAND SECURITY

STATEMENT OF HON. ASA HUTCHINSON, UNDER SECRETARY, BORDER AND TRANSPORTATION SECURITY DIRECTORATE

OPENING STATEMENT OF SENATOR THAD COCHRAN

Senator COCHRAN. The committee hearing will please come to order. This morning we continue our hearings on the fiscal year 2004 budget request for the Department of Homeland Security. We review this morning the programs and activities of the Border and Transportation Security Directorate. I am very pleased to welcome the Under Secretary for Border and Transportation Security, Asa Hutchinson. I think the President and Secretary Tom Ridge have chosen a very able and experienced public servant for this very difficult and important undertaking.

The Homeland Security Act of 2002 transferred the United States Customs Service, the Office of Domestic Preparedness, the Transportation Security Administration, the Federal Law Enforcement Training Center, and the Federal Protective Service to this directorate. In addition, the directorate is responsible for integrating two-thirds of the former Immigration and Naturalization Service with the United States Customs Service and with quarantine inspection activities of the Animal and Plant Health Inspection Service. For fiscal year 2004, the President's budget requests $16.2 billion in discretionary funds for border and transportation security, along with an additional $1.8 billion in offsetting collections.

Mr. Secretary, we look forward to hearing from you. We have your prepared statement which we will make a part of the committee's hearing record, and we invite you to make any statement in explanation of the budget request which you think would be helpful to our committee's understanding of the budget request.

At this time, I am pleased to yield to other Senators of this committee for any opening statements they may have.

Senator Byrd.

STATEMENT OF SENATOR ROBERT C. BYRD

Senator BYRD. There are two things they haven't developed yet, how to create a good public address system and how to fashion milk cartons so they will open as stated on the top of the carton.

I join you, Mr. Chairman, in welcoming Under Secretary Hutchinson. This is his first time appearing before the committee in his current capacity. We look forward to hearing from him and to working with him. There is no greater responsibility than that of making our Nation's borders and transportation system secure. It is our failure to do so prior to that tragic day in September 2001 that led to the loss of the lives of thousands of innocent Americans and others, and it was in reaction to those horrific events that the President and this Congress created the Department in which you now serve.

Our role in Congress is to ensure that you and the many other dedicated employees of the Department of Homeland Security have the resources that you need to do your jobs, and to do your jobs well. In that regard I have questioned some of the requested funding levels for certain activities of the Department, such as the revised entry/exit visa system that we discussed last week with Secretary Ridge, and the appearance of a singular focus on aviation security in what is supposed to be an agency dedicated to the security of all forms of transportation. I and other Members will address these and other issues in our questions, and we look forward to your testimony.

Thank you.

Senator COCHRAN. Senator Campbell.

STATEMENT OF SENATOR BEN NIGHTHORSE CAMPBELL

Senator CAMPBELL. Thank you, Mr. Chairman. I will make my opening statement very brief and ask that my complete statement be included in the record.

Senator COCHRAN. Without objection, so ordered.

Senator CAMPBELL. Welcome, Under Secretary Hutchinson. I guess what we're learning with this whole problem with homeland security is that those people who would do us some damage have learned how to use the very liberties that we cherish against us.

The use of American money to be filtered to foreign operatives, the opportunity to enroll in our universities, in our flight schools, and to travel without documentation, all of the things that we sort of take for granted, they have learned how to use as weapons against us, and I think it was certainly a rude awakening September 11, and it has changed our world forever, but when we need to protect about 7,500 miles of land border and 95,000 miles of shoreline, or whatever it is, and at the same time make sure that we don't infringe on civil liberties or the rights of people that they have come to accept as the American way of lifestyle is a darned difficult thing, and all of us are fumbling along, I think, trying to do the best we can, and I just wanted, as one Senator, to say that I certainly support your efforts and look forward to a time when

the Nation is safer, and we never get back to what we once thought of as total freedom in this country, but certainly we can find, I think, a better balance in protecting those liberties I mentioned, at the same time decreasing the amount of danger.

Sometime ago, right after 9/11, I remember sitting in a hearing, and there was some discussion about those areas that seem to be pretty weak yet and would be an opportunity for the people who are going to do us some damage to attack, and having been a former private pilot myself, I thought at the time that we still had a weakness in general aviation.

PREPARED STATEMENT

We've done an awful lot when it comes to the commercial aviation. The number of bag screeners and the number of things that we have to go through I think has made it a lot safer, and when I mentioned I thought there was still a weakness in general aviation I got an immediate call from the ALPA complaining that I would make such a terrible statement, but as I read just recently in the paper, that is certainly one of the alerts that we're facing now, the possibility of people using private planes, since they don't have the same degree, at FBOs, of security that they do at the terminals, that there still may be a possibility of that, so I'm interested in knowing maybe a little bit more of that as we proceed with the discussions.

Thank you, Mr. Chairman.

[The statement follows:]

PREPARED STATEMENT OF SENATOR BEN NIGHTHORSE CAMPBELL

Thank you Chairman Cochran. I'd like to thank the Under Secretary for taking the time to come talk with us today.

Security procedures in place prior to the tragic events of September 11th were obviously seriously flawed. While I realize that many steps have been taken to address these concerns, including the creation of the Department of Homeland Security, I wonder whether or not enough has been done. As I fly back to my home State of Colorado every weekend, and wait in line at the baggage screeners and walk through the metal detectors, I wonder if these procedures really ensure my safety.

We need to protect the 7,500 miles of land border, and 95,000 miles of shoreline, in addition to our nation's transit systems and energy and power infrastructures. This is imperative to our country's economy that is dependent on travel and the mobility of commerce. Additionally, the people of the United States deserve the ability to move about our nation in a safe manner. I believe that the TSA, Customs Service, Coast Guard, and other agencies in the Department have made great strides in improving our sense of safety since September 11, 2001.

I believe that we have made great advancements quickly by upgrading security procedures, response plans, and increasing security. There is no issue more important to me than the safety of the American people.

Again, thank you, Mr. Chairman. I look forward to hearing the testimony of our guest, and I will have a number of questions to ask at the appropriate time.

Senator BYRD. Mr. Chairman, the distinguished Senator is still a private pilot.

Senator CAMPBELL. Yes, sir.

Senator BYRD. Of a Harley-Davidson.

Senator CAMPBELL. Still have an airplane, too, just not current.

Senator COCHRAN. Senator Inouye.

Senator INOUYE. Thank you very much, Mr. Chairman. I just wish to welcome Under Secretary Hutchinson. Welcome, sir.

Senator COCHRAN. Senator Hollings.

STATEMENT OF SENATOR ERNEST F. HOLLINGS

Senator HOLLINGS. Thank you, Mr. Chairman.

Mr. Secretary, we have got a wonderful Border Patrol School down there now in Charleston. There was a heck of a contest in the midnineties when we had an immigration crisis and we were looking to train additional border patrol agents. Now some 6,000 have graduated. Over half of your border patrol agents are graduates of that school. One, they're not paid enough. Incidentally, in the school they have about a 30 percent to 40 percent dropout. There are about 55 in a class, and they have about 15 classes. They've got perfect facilities. They've got a driving range, they've got a rifle range and everything else down there, and they like it, but at $27,000, a GS–7 trained in speaking Spanish, trained in law enforcement, trained in computer programs, they leave and come over to the airline security because they get more pay, so by the time I'm training them in Charleston, they leave to train for the air marshall's job because they pay more. Let's look at that, because I want to write something in that bill to equalize your different security folks so you don't train for one function and all of a sudden lose too many of them to another function in the same agency.

But it is an outstanding facility, and we invite you to come down and look at it, because we've got to expand the barracks facilities there to accommodate the increase in training.

But thank you very much. We look forward to your testimony.

Senator COCHRAN. Thank you.

Mr. Secretary, you may proceed.

STATEMENT OF HONORABLE ASA HUTCHINSON

Mr. HUTCHINSON. Thank you. Mr. Chairman and Senator Byrd, members of the committee, thank you for your welcome and your comments this morning. It is a pleasure to be with you to testify on the President's 2004 budget for the Border and Transportation Security Directorate of the Department of Homeland Security. It was just a couple of months ago that the Department brought nearly 180,000 employees from 22 different agencies together into one new Department. I want to express the thanks of the men and women of Homeland Security to this committee for your support in this reorganization, and also for your support in the recently concluded operation, Liberty Shield. In our view, and as was stated by Senator Byrd, there is really not more of a serious job in all the land than stopping future terrorist incidents from occurring on American soil, and the Border and Transportation Security Directorate, along with the Coast Guard, really represent the operational front line of homeland security. We're the operations folks. We're the ones that not only play defense, but also offense. We're not alone in that effort. We have to rely upon our partnership with State and local governments, and part of my job is to make sure we enhance those partnerships, increase that coordination, and we're working very hard to do that.

Under the leadership of Secretary Ridge, we have already accomplished a substantial amount in terms of reorganization. We have unified our border efforts under the Customs and Border Protection

Bureau. We have created the new Bureau of Immigration and Customs Enforcement that put our enforcement efforts under one chain of command that gives us a clearer focus, and the President's 2004 budget is the first complete new budget for the Department, and it is a good foundation for the future.

I believe it is important we develop sound management principles and meaningful performance measures as we enact budget levels, and we are working hard to do that. If I might just comment briefly on the 2004 budget. First of all, for the directorate, it is a broad and a very expensive mission. It is an enormous challenge that we face. Each year, more than 500 million persons, 130 million motor vehicles, 2½ million railroad cars, and 5.7 million cargo containers must be processed, screened, or inspected at or even before they reach our borders. Security decisions by our inspectors must be made within seconds, and we need to be right every time. That is difficult, and as Senator Hollings pointed out, sometimes they do not get paid what they get paid in the private sector, and so their commitment is very important.

The $18.1 billion requested for this directorate by the President does provide for greater accountability for a more integrated border and transportation security organization. I know that sounds like boilerplate language, but that really is what I see as the responsibility of my directorate, and the uniqueness of this directorate is that we have the transportation and border agencies together, and we can enhance that integration and cooperation and exchange of information. We are increasing the security of our international shipping containers. The budget will allow us to continue implementation of the congressional mandates that have been wisely provided.

A few highlighted priorities in the budget. First, under the Bureau of Customs and Border Protection. It provides for an increase of $1.7 billion over the 2002 budget, and this will allow us to support the Customs-Trade Partnership Against Terrorism program at a level of $18 million, which increases the supply chain security and expedites the clearance of international commercial cargoes and conveyances. In the budget we're also providing for the enhancement of the Container Security Initiative, with $62 million requested, which puts personnel in key international ports to examine high risk cargo before it is placed in U.S.-bound ships. This is a very important part of our overall strategy at Homeland Security.

And then we have the capital improvements to our IT systems from the international trade data system to the automated commercial environment system, and if these requests are approved, it will be nearly $1.1 billion that have been dedicated since 2001.

I am pleased also that there is $119 million for nonintrusive inspection equipment. This allows us not to just simply flood the border with people, but provide security at our borders wisely with technology and with better systems.

As was mentioned, the budget also supports continued implementation of the comprehensive U.S. VISIT system. The goal is to track the entry and exit of visitors to the United States. It provides for $100 million in new resources, for a total of $480 million. This is

an important objective that the Border and Transportation Security Directorate will engage in over the next couple of years.

When it comes to the Immigration and Customs Enforcement arena, it has 14,000 employees, and a budget of $2.8 billion, which is a 16 percent increase over 2002. It will allow us to support our investigative activities, including immigration fraud, smuggling of illegal aliens, international money laundering, export enforcement, forced labor, trade agreement investigations, smuggling of narcotics, weapons of mass destruction and other contraband, illegal transshipment, and vehicle and cargo theft. That is a broad mandate for an investigative agency, but we will be prioritizing and working in those broad arenas. The budget will allow us to continue our traditional roles as well as enforcement of all of our immigration laws.

The Transportation Security Administration has done a good job in increasing the professionalism of our screeners, and I am proud of the job that they have done. The budget requests $4.8 billion for TSA, $2.4 billion of that will be offset by collections from aviation passenger security fees and airline security fees. Collection of these fees will be suspended from June 1 to September 30 of this year, in accord with the provisions of the Emergency Wartime Supplemental Appropriations Act.

The total request, $4.3 billion, supports direct aviation security activities, including a professionalized passenger and baggage screening workforce and additional equipment to prevent weapons and other contraband on the aircraft. We will also be reimbursing our State and local law enforcement agencies for their work in providing now roving patrols and supporting our screeners. We will be funding the Federal Air Marshal Service and, in addition, enhancing our cargo and passenger screening methods and increasing our use of technology.

One of the important new initiatives is the transportation worker identification credential, or the TWIC, that will allow us to have more security background checks of our transportation workers, and create a credential that will allow them to have access to various transportation security facilities.

We also have the Office for Domestic Preparedness and the Federal Law Enforcement Training Center. Both are essential for training first responders, training of our Federal law enforcement agencies, and I am pleased and proud of the work that they are doing.

PREPARED STATEMENT

Finally, our directorate supports, through our operations, the President's national strategy for homeland security. This is a benchmark and a framework for our enforcement responsibilities. We want to be able to manage our responsibilities in coordination and integration with all of our Federal partners and our State and local efforts. These are the two benchmarks that guide us as we work in the Border and Transportation Security Directorate.

Thank you for your support. I look forward to your questions.

[The statement follows:]

PREPARED STATEMENT OF ASA HUTCHINSON

Introduction

Good morning Chairman Cochran, Senator Byrd, distinguished members of the Subcommittee. It is a pleasure to be with you today, and I am pleased to be here to discuss the President's fiscal year 2004 budget request for the Department of Homeland Security's Border and Transportation Security (BTS) Directorate and its component organizations.

Just a couple of months ago, the Department of Homeland Security brought nearly 180,000 employees throughout the Federal Government together into one agency. I am grateful for the focus and support Congress provided in creating the Department, and I also wish to thank you for recently providing critical supplemental resources to support the Department's efforts in Operation Liberty Shield and the brave men and women serving in our military during this challenging time.

The President's National Strategy for Homeland Security provides the framework for mobilizing and organizing the nation—the Federal Government, State and local governments, the private sector, and the American people—to undertake the complex mission of protecting our homeland. It makes the Department's strategic objectives abundantly clear: prevent terrorist attacks within the United States, reduce America's vulnerability to terrorism, and minimize the damage and assist in recovery should a terrorist attack occur.

There is no more serious job in all the land than stopping future terrorist incidents from occurring on American soil. This is especially true in light of recent world events. The Border and Transportation Security Directorate, along with the U.S. Coast Guard, serves as the front line operational force for the Department in achieving its objectives. But we are not alone in this effort. The President, Secretary Ridge, and I fully understand that our partnerships with State and local governments are critical for ensuring the success of our mission.

Under the able leadership of Secretary Ridge, the BTS Directorate has already taken significant steps forward. We have reorganized the BTS Directorate's nearly 100,000 employees to unify border and transportation security activities, integrate our front line operational forces, and yet preserve the expertise and functional relationships BTS employees have developed over the years.

This has resulted in the creation of two new bureaus within BTS. The inspection and border patrol functions of the former U.S. Customs and Immigration and Naturalization Services, and the Agriculture Plant Health Inspection Service now reside in the new Bureau of Customs and Border Protection (BCBP). The investigation and enforcement functions of those agencies, along with the Federal Protective Service, now reside in the new Bureau of Immigration and Customs Enforcement (BICE). We have also brought first responder resources in the Office for Domestic Preparedness (ODP) to improve assistance to our State and local partners as they do their part to protect the homeland.

The fiscal year 2004 budget is the first ever for the new Department and the Bureaus of Customs and Border Protection (BCBP) and Immigration and Customs Enforcement (BICE). It is the foundation on which the Department and the BTS Directorate will be built. In laying this foundation, we have a valuable opportunity to develop sound management principles and meaningful performance measures. We will use these principles and measures to guide our efforts and gauge our progress in carrying out the President's Management Agenda.

Budget Request for fiscal year 2004

In his fiscal year 2004 budget, the President requested $18.1 billion, including fees, and roughly 108,000 full-time equivalents (FTE) positions for the Border and Transportation Security Directorate. The request reflects the Administration's commitment to the mission and priorities of the Directorate.

The Border and Transportation Security Directorate secures the nation's borders, transportation systems, points of entry, and points in between. This includes nearly 7,500 miles of land border, 95,000 miles of shoreline and navigable rivers, and our Nation's airports, highways, rail, maritime, pipeline, and transit systems. This Directorate is responsible for preventing the illegal entry of people or goods, while at the same time facilitating the unimpeded flow of legitimate commerce and people across our borders and throughout the national transportation system. This presents an enormous task. Each year more than 500 million persons, 130 million motor vehicles, 2.5 million railcars, and 5.7 million cargo containers must be processed, screened, or inspected at, or even before they reach, our borders.

The $18.1 billion requested by the President for the BTS Directorate will: provide greater accountability through an integrated border and transportation security organization; create smart borders that are more secure; increase the security of inter-

national shipping containers; continue implementation of the Aviation and Transportation Security Act of 2001, the USA PATRIOT Act, and the Maritime Transportation Security Act; and ensure that our Nation's first responders are trained and equipped to address the threat of terrorism through efforts consolidated in the Office for Domestic Preparedness.

The following sections detail the budget requests for the Border and Transportation Security Directorate components.

The Bureau of Customs and Border Protection brings together approximately 42,000 employees including 11,000 Border Patrol Agents, and 19,000 inspectors from the Agriculture Plant Health and Inspection Service, and the former Immigration and Naturalization and U.S. Customs Services, including canine enforcement officers. The Bureau focuses its operations on the movement of goods and people across our borders to prevent the illegal entry into the United States of people or goods at or between ports-of-entry while facilitating the movement of legitimate trade and international travel.

The budget includes $6.7 billion for the Bureau of Customs and Border Protection, an increase of $1.7 billion (33 percent) above fiscal year 2002. These resources will support the Customs-Trade Partnership against Terrorism (C–TPAT) program, which increases supply chain security and expedites the clearance of international commercial cargoes and conveyances. It also supports the expansion of programs such as the Container Security Initiative, which puts personnel in key international ports to examine high-risk cargo before it is placed on U.S.-bound ships. The request funds the International Trade Data System (ITDS) and the Automated Commercial Environment System (ACE), two capital projects for which, if the request is approved, nearly $1.1 billion will have been dedicated since fiscal year 2001.

The Bureau of Customs and Border Protection will ensure compliance with customs and immigration laws, determine the admissibility of persons to the United States, and prevent the admission of terrorists and other criminals. The Bureau will also focus on deterring illegal crossings, seizing illegal drugs, currency, and monetary instruments, processing $1.2 trillion in imports, and collecting $20 billion in duties on the same, while inspecting 147 million vehicles and more than one million aircraft. The budget also supports continued implementation of the comprehensive U.S. VISIT system to track the timely departure of visitors to the United States.

The Bureau of Immigration and Customs Enforcement brings together the enforcement and investigative arms of the former Customs and Immigration and Naturalization Services, and the Federal Protective Service. The reorganization involves approximately 14,000 employees, including 5,500 criminal investigators, 4,000 employees for immigration and deportation services and 1,500 Federal Protective Service staff. The Bureau will address the full range of immigration and customs laws within the United States, in addition to protecting specified Federal buildings. The air and marine enforcement functions of the former Customs Service will also be a part of this Bureau.

The fiscal year 2004 request for the Bureau of Immigration and Customs Enforcement (BICE) includes $2.8 billion, an increase of nearly $400 million (16 percent) above fiscal year 2002. Nearly $1.1 billion of this amount will support investigative activities, including immigration fraud, smuggling of illegal aliens, international money laundering, export enforcement, forced labor, trade agreement investigations, smuggling of narcotics, weapons of mass destruction (WMD) and other contraband, illegal transshipment, and vehicle and cargo theft. Furthermore, the budget will continue our ability to apprehend, detain and remove illegal aliens, and strengthen visitor and immigrant arrival and departure control by facilitating timely enforcement actions against violators. These funds will also reduce infrastructure vulnerabilities, promoting safe and secure Federal properties for both employees and visitors.

The Transportation Security Administration (TSA) continues its mission to protect and secure our nation's transportation systems, while ensuring the unencumbered movement of commerce and people. The President's budget requests $4.8 billion for TSA, approximately $2.4 billion of which will be financed by offsetting collections from aviation passenger security fees and airline security fees. Collection of these fees will be suspended from June 1 through September 30, 2003 in accord with the provisions of the fiscal year 2003 Emergency Wartime Supplemental Appropriations Act, with collections renewed on October 1, 2003.

Of the total request, approximately $4.3 billion supports direct aviation security activities, including a professionalized passenger and baggage screening workforce, and supporting equipment to prevent weapons and other contraband on aircraft. The budget also supports reimbursement to State and local law enforcement agencies, funding for the Federal Air Marshal Service to provide in-flight security, and

it supports improvements in both air cargo and passenger screening methods and technology to reduce security risks.

The request for TSA includes funding for new air cargo security and armed pilot initiatives, and it supports TSA's work to develop and implement security standards for non-aviation modes of transportation. Furthermore, it will advance the TSA's work on the Transportation Worker Identification Credential (TWIC) initiative.

The Office for Domestic Preparedness will strengthen the readiness capabilities of State and local governments that play a critical role in the Nation's ability to prepare for and respond to acts of terrorism. ODP will manage the Department's First Responder initiative, providing grants for preparedness. ODP will award $3.5 billion to States to address the equipment, training, planning and exercise needs identified in their updated response plans. These State plans strategically outline goals and objectives for preparedness, State and local enforcement anti-terrorism initiatives, and Citizen Corps preparedness activities. ODP will also continue supporting a number of unique training facilities, and provide technical assistance for State and local planning efforts.

The Federal Law Enforcement Training Center (FLETC) will continue to serve as a leading Government provider of high-quality law enforcement training to Federal, State, and local law enforcement officers. The fiscal year 2004 budget request for the Federal Law Enforcement Training Center is $146.1 million, including capital acquisitions. With these funds, FLETC will provide cost-effective and contemporary law enforcement training, support the specialized training needs of State, local, and international agencies, and deliver preventive and investigative law enforcement methodologies and terrorism training.

Conclusion

The budget request for the Department of Homeland Security's Border and Transportation Security Directorate supports the President's National Strategy for Homeland Security, which is the framework for mobilizing and organizing the resources of the Federal Government, State and local governments, the private sector, and the American people to accomplish our unwavering and complex mission to protect the homeland. We have a good start on this work, but we are only at the beginning of what will be a long and difficult road. Many challenges lie ahead.

The fiscal year 2004 budget request provides the resources to enable the Border and Transportation Security Directorate to manage its responsibilities and continue its work to secure the homeland to protect and serve the American people. We are committed to preventing terrorist attacks, reducing America's vulnerability, and responding to and recovering from attacks that occur. I look forward to continuing to work with you to successfully accomplish these objectives.

Mr. Chairman, Senator Byrd, and Members of the Subcommittee, this concludes my prepared statement. I would be happy to answer any questions you may have at this time.

CHALLENGES OF UNDER SECRETARY'S OFFICE

Senator COCHRAN. Thank you, Mr. Secretary, for your statement. The other day we had the Secretary of the Department of Homeland Security, Tom Ridge, before our committee talking about the overall budget request for the Department and the challenges that face him and the President and all of you who are responsible for the individual directorates and carrying out the responsibilities of the Department of Homeland Security Act.

I wonder, as we celebrated the first 100 days just recently of the creation of this new Department, what you view as your most challenging responsibilities. You have had experience in other Federal offices, specifically the Drug Enforcement Administration, heading up that office. Tell us what your most difficult and challenging moments have been as Under Secretary.

Mr. HUTCHINSON. Well, thank you, Mr. Chairman, and it has been challenging. I think any time you are setting up a new organization there exists an incredible organizational challenge. You overlay that with being in the Government, and then you overlay that being in a high threat environment, and our hostilities in Iraq

enhanced our operational challenges, and so all of that together combined for a very challenging start.

I have been pleased, quite frankly, with the momentum for the merging of the cultures between the 22 different agencies, and I think the reason we are having a better time than other Government reorganizations is because there is really a strong commitment to the homeland security effort. It gives our employees a tremendous sense of pride to be a part of this Department.

STAFFING

Senator COCHRAN. Has there been a very high turnover in the offices, particularly the principal offices of leadership in the enforcement agencies and the inspection services that now come under your jurisdiction? Have you had to go out and find new people to hire, or are you bringing over a lot of folks who worked in the offices and were in charge before the new Department was created?

Mr. HUTCHINSON. Senator, it has not been a particular problem with attrition or being able to recruit top-quality executives or middle-level management for the work we are doing. I think when you saw TSA created a couple of years ago, I was at the DEA at that time, and you saw a lot of changeover in Federal law enforcement. There was a lot of attraction to that new mission. There were some competitive advantages to TSA as they set up. I think the dust has settled since then, and stabilized in our Federal law enforcement workforce. We have people really knocking on our doors because they want to be engaged in this tremendous new mission, so I don't identify that as a problem.

Senator COCHRAN. There is a specific amount in the budget request for you to hire employees and to staff up your own office. Have you completed that work now, and to what extent is the budget request sufficient to provide you with the number of employees in your office that you need to carry out your responsibilities?

Mr. HUTCHINSON. Well, in the 2004 budget request for my operational team at the Under Secretary level it will be a part of the overall Department management budget, and in my judgment it has been adequate thus far. I believe it is adequate for the 2004 time frame.

We have budgeted for, I believe it is 67 personnel in the Under Secretary's Office. That is relatively small number to oversee 110,000 employees in the different agencies, but I think it is wise not to start up with a huge bureaucracy. We have detailed people from different agencies as part of that 67 in the near term. That gives us support, and with the allocation we have I think that we've got a good team that we're putting together for that purpose.

STATE OF READINESS IN PORTS

Senator COCHRAN. I know that when you mentioned the hiring of port directors, you've been traveling around the country meeting and getting to know some of the people that are in these offices throughout the country, including recently in our neighboring city of New Orleans. What do you consider to be the state of readiness to protect the security of our Nation's ports at this point in time?

Mr. HUTCHINSON. Well, first of all it is much improved, as compared to prior to September 11. We have made enormous strides and progress with our ports. There has been an increasing number of ports that have done vulnerability assessments. That is an ongoing process. In addition, the information systems have improved, where the inspectors on the front line have access to more databases to check cargo and people, and it has been a partnership with the private sector. They have invested a substantial margin in the security of our ports. We have a greater distance to go in the future, but I believe that the personnel are ready and the systems are getting into place.

When I was there in New Orleans I saw some from your State, Biloxi, that came over, doing an outstanding job there, so I think that the state of readiness is good.

Senator COCHRAN. Senator Byrd. I am prepared to yield to you, sir.

TRANSPORTATION SECURITY ADMINISTRATION RESOURCES FOR MARITIME AND LAND SECURITY

Senator BYRD. Well, thank you, Mr. Chairman.

Mr. Secretary, you have referred to the $4.8 billion TSA budget. Only $86 million is requested for maritime and land security activity while over $4.3 billion is requested for aviation security. This means that less than 2 percent of your transportation security budget request is for maritime and land security, less than $1 in $50. In fact, the budget request for administrative costs associated with TSA headquarters and mission support centers, $218 million, is two-and-a-half times greater than the request for maritime and land security. How do you explain that?

Mr. HUTCHINSON. Well, Senator, of course, subsequent to September 11 and really prior to that there was a great focus on airport security, airline security. Much of that was—of course, all of that was based upon a mandate from Congress to have 100 percent checked baggage inspection, as well as screening of each passenger, so that's where the emphasis has come from. But as you noted, the TSA has a broader mandate than just airline security, and we are moving in that direction.

I don't think we treat every mode of transportation the same. Whenever you're looking at rail, we want to act on best practices with strong relationships with the modal administrations at the Department of Transportation, so we are mindful of our responsibility there. We are moving forward with stronger efforts in the other modes of transportation, and we will do it based upon threats and the vulnerabilities that we assess.

Senator BYRD. All right. You have introduced my next question, and you've partially answered it. Why has more funding not been requested for other, equally important modes of transportation?

Last month, Secretary Ridge provided the committee with a written statement of his priority guidelines for addressing vulnerabilities to another terrorist attack. He included attacks on confined spaces, such as rail and air transportation systems, that could be used to spread contamination. He expressed concern about catastrophic economic damage that could come from an attack on transportation systems and on petroleum facilities at our ports,

and, yet, the request for adequate resources is not there. We've concentrated on the $4.3 billion requested for aviation security.

I'm all for that, but, the budget request for administrative costs associated with TSA headquarters and mission support centers is two-and-a-half times greater than the request for maritime and land security. Are port and maritime security lower priorities? They must be. Why? Is it because there hasn't been a terrorist attack here yet? The terrorist track record is to exploit vulnerabilities. The first attack on the World Trade Center used truck bombs.

The attempted millennium attack in Washington State sought to exploit our porous borders. The 9/11 attack used airplanes. I think we should have learned from this track record to address all of our vulnerabilities, and not just those that the terrorists have used most frequently.

PRIORITIES IN TRANSPORTATION SECURITY ADMINISTRATION BUDGET

Senator BYRD. Mr. Secretary, why is the security of our ports, why is the security of our bus and subway systems, why is the security of our rail systems, Amtrak, for example, why do they have such a lower priority in your budget?

Mr. HUTCHINSON. Well, you're absolutely correct that we have to address the broad range of vulnerabilities in our transportation systems. Whenever you look at the airlines, we responded both to vulnerability but also an incident, and now we're conducting assessments, and it is important to conduct these assessments of the vulnerability of our transportation system so we know exactly how we're spending our money and where it should be invested.

In the 2004 budget, $62 million is requested for the Container Security Initiative assessments. This also is an important part of our efforts to provide, both from the private sector and with our taxpayer partnership, greater security efforts in our ports. When it comes to other areas of critical infrastructure, we have the Directorate of Information Analysis and Infrastructure Protection. This directorate has requested $500 million to go toward critical infrastructure protection, and this has the broader arena of infrastructure.

Part of it will be in the transportation sector, part of it will be in the petroleum or the energy sector, and there will be other aspects of critical infrastructure that have to be protected, so we'll go through the assessments, and then we will be assigning the responsibilities for the protection based upon those vulnerabilities.

Senator BYRD. It appears to me from what you've said that you feel that the budget requests are inadequate. What would be an adequate request, in your judgment, to meet these vulnerabilities about which you have spoken?

Mr. HUTCHINSON. With due respect, Senator, I believe the 2004 budget request is appropriate. I think it is important not to measure success simply by the dollar amounts that are invested, but also by the strategy that is being implemented, and I think it is an appropriate strategy to logically go through the evaluations and the assessments and then put the money where the threats and greatest vulnerabilities are, so clearly down the road there is going to be additional money that is needed, but in terms of the 2004

budget, I think it is a correct strategy and the right amount to complete these assessments.

Senator BYRD. How much did you request at the OMB level for these items?

Mr. HUTCHINSON. I do not have that figure as to that discussion.

Senator BYRD. You don't know what you requested at the OMB level?

Mr. HUTCHINSON. I do not have that in front of me, sir.

Senator BYRD. Will you supply it to the committee, please?

Mr. HUTCHINSON. We will be glad to look at that and get the information to you.

Senator BYRD. You will be glad to supply that information to the committee?

Mr. HUTCHINSON. Provided there are not any issues there that I am unaware of at this time in terms of the communications that we had with OMB, but we will certainly want to support your request for that information and be able to answer you appropriately.

Senator BYRD. Well, you have fuzzed up that response. I've been in Congress now more than 50 years, and I know when an answer, is a solid, firm, straightforward answer, and when it is not. So, please supply that information to this committee. It's our business to try to fund the needs to protect the people of this country, and on the basis of your testimony, I think that the budget request is inadequate. So, will you please supply that information so that this subcommittee can respond in an adequate fashion, as we are here to do and want to do? Do you understand that?

Mr. HUTCHINSON. I understand, and will be happy to respond to your question.

[The information follows:]

A separate line item was not included in the fiscal year 2004 TSA budget for these items. Rather, budget requirements to address these needs and similar requirements across all sectors of the Department of Homeland Security were consolidated under the Directorate for Infrastructure Analysis and Infrastructure Protection.

The budget requests that agencies send to OMB are part of the Executive Branch's deliberative process for developing the President's Budget submission to Congress. The longstanding Executive Branch position has been that agencies are to preserve the confidentiality of these internal deliberations and not release the funding requests that they send to OMB.

COAST GUARD GRANTS FOR PORT SECURITY

Senator BYRD. I will just finish with one more question. The Coast Guard has estimated already the cost of improving port security at $1.4 billion for fiscal year 2004, and there are no dollars, none, in the budget request. Do you want to comment on that?

Mr. HUTCHINSON. Well, an assessment was done by the Coast Guard. Obviously, when you look at needs for port security, part of it is borne by the private sector. A substantial part of that they are investing. In addition, we again are providing money to complete the assessments, and there are some grants that are available through TSA that would be broader than simply an assessment that would be grants for improvement of security.

Senator BYRD. Mr. Chairman, I have further questions, but I will wait.

Senator COCHRAN. Thank you, Senator Byrd. Senator Campbell.

OFFICE FOR DOMESTIC PREPAREDNESS GRANT-MAKING PROCESS

Senator CAMPBELL. Thank you, Mr. Chairman. I have about, maybe 10 questions. Some of them I will submit in writing, too, with your permission.

The portion of your budgets dedicated to managing the Department's first responder initiative providing for grants for preparedness, I think my office is like many of them here, and that is we have some disparity about how it ought to be administered at the State level. It seems like every town, at least major-sized towns in my State, would like to have their own Homeland Security office and their own network, their own system, and the States would prefer it go through the States. Could you explain very quickly how the process that's in place now, how it awards the grants?

Mr. HUTCHINSON. Yes, Senator. The broad overarching principle is that we want to go through the State Homeland Security directors to channel the money flow to the first responders at the local government level, and the reason is that we want to make sure that a security response is highly coordinated, that there is a multijurisdictional response to any terrorist incident or the planning for it. The only way to do that is to have a State coordinating body that will make sure that the local entities are coordinating and moving in the same direction.

Senator CAMPBELL. So the grant is given to the State and they, in turn, disseminate it to communities as they see fit?

Mr. HUTCHINSON. That is correct. Now, in reference to the most recent supplemental that was provided, over $2.2 billion, the bulk of that will go through the States, but Congress wisely put on a requirement that it has to go from the States to the local governments within 45 days. Sometimes in the past it has stayed there too long, and so that 45 days will move it in a more quick fashion to the local governments. There will be pressure from the bottom, and we will be putting pressure from the top.

You also allowed, I think it was $10 million at least, for technical assistance, so ODP will be providing more technical assistance to the States to help them to get that money out to local governments. We recognize how important it is to get to the local governments. We are going to be working to accomplish that, but still, it's important to run that money through the State for coordination purposes.

Senator CAMPBELL. Okay, thank you.

EMERGING TECHNOLOGIES RELEVANT TO BORDER AND TRANSPORTATION SECURITY

There must be literally dozens of groups who have already come to you, and certainly they have come to us, that have some kind of a new, sophisticated technology that they think should be in the mix somewhere in trying to provide better security, particularly on airlines. I saw one about 6 months ago that was—I'm not a really high tech person, and it kind of amazed me. It was a very tiny monitor that could be put literally anywhere in the plane, in the cabin of the plane, and you almost couldn't see it. It was just like a little, small eye, and it was coupled with a screen on the ground so people on the ground at the appropriate agencies could actually

watch what was going on inside the cabin of the plane and could communicate with the people on the ground, too. I thought that was really pretty advanced.

Is there a process now in place in which these new emerging technologies, which are often done by very small groups around the country, is there a process in place now where they can get into the system and show their wares and have someone evaluate it?

Mr. HUTCHINSON. Yes, there is, and I was pleased that one of the directorates created at Homeland Security is the Science and Technology Directorate, which is—I equate it to an R&D shop in private industry, and Dr. Chuck McQueary, does an outstanding job there, and as we see either new emerging technologies or maybe even existing technologies in the private sector that may have an application for border security or transportation security, we will ask them to evaluate it, to test, pilot it, to see if it can work on the border, or we might give them an idea that they will go out in the private sector and solicit bids for a particular project.

So they do the evaluation, the piloting of it, we do the request, and then the implementation of it if it does have that application. I have encouraged those in private industry to check our Web sites. They have ways in which they can present their ideas to Homeland Security.

Senator CAMPBELL. And along that line, before 9/11 there was very little way to be able to communicate from the air to the ground, other than the normal channel to the tower, and the air marshals, do they have a way of communicating with the ground now, when they are on the airplane, and by the way, if there is something you shouldn't say in public, or before the committee, that's fine.

Mr. HUTCHINSON. Senator, let me get back with you on that answer, if I might.

[The information follows:]

Pursuant to House Conference Committee Report 107–593, TSA's Federal Air Marshal Service (FAMS) was provided $15 million to begin implementation of an Air to Ground Communications program. TSA intends to utilize this funding to purchase a Commercial Off-the-Shelf (COTS) product, which includes hardware and software, for implementation of the Air to Ground communications system. This initial system will allow FAMS to utilize a portable, quickly deployable air to ground communications system which will seamlessly integrate existing FAMS wireless technology. This comprehensive wireless communications system may also be used by other local, State, and Federal agencies, and the Department of Defense, to achieve secure communications through a dedicated law enforcement network.

MONITORING UNTENDED AIRSTRIPS

Senator CAMPBELL. I mentioned in my opening statement, too, one of the weaknesses I saw, which raised some hackles of private aviation, but I know that there are literally hundreds and hundreds of runways around the country, many of them paved, by the way, that are on the FAA maps, but there's nobody around. They're just, literally abandoned.

I know of two just within a few miles of my own home town, in fact, no towers, no FBOs, nothing on it, where people could land, and certainly the drug runners know most of these airports, and they are the ones who are using them.

Is there anything that we are doing to catalog them, or monitor them, do something so that they would be less attractive as a place to put explosives on a private plane, as an example?

Mr. HUTCHINSON. Well, there are a couple of things that we're doing. First of all, the general aviation industry has been very supportive in terms of, if they see something that is suspicious, they report that. We had a number of different reports that we've investigated based on their information, so they're really our eyes and ears out there if they see something strange or get an unusual request. The general public obviously is helpful.

We have in the Bureau of Immigration and Customs Enforcement the Air and Marine Division, in which we monitor aircraft, in conjunction with other agencies that might be coming into our country. We, during Operation Liberty Shield, deployed many of those air assets to the Northern border. That helps us to track pilots that are unaccounted for, or might be operating under suspicious circumstances.

So a combination of our own intelligence and law enforcement activities on the ground with our monitoring of our border air security gives us a pretty good idea of what's going on in that arena.

Senator CAMPBELL. Well, good luck in that arena, because I just think there's a huge weakness there yet.

PRIVATIZING AIR TRAFFIC CONTROL

Recently, President Bush issued an Executive order that deleted a clause in a previous order signed by President Clinton that described air traffic control as an inherently governmental function. The administration, this administration has proposed studying whether to hire a private company to take over the air traffic control system. What effect would that have? Do you think it would solve any problems, or would it help the current system, or hinder the current system?

Mr. HUTCHINSON. If there were private contractors for air traffic control?

Senator CAMPBELL. Yes.

Mr. HUTCHINSON. I really wouldn't be in a position to comment from an expert standpoint on that. Obviously, we look at the private sector where appropriate. That is one that has to be closely integrated and we have to be careful about, but I would wait for the comments from the FAA before I would want to submit my own comments on that.

Senator CAMPBELL. Thank you, Mr. Chairman.

Senator COCHRAN. Thank you very much. Senator Inouye.

Senator INOUYE. Thank you very much, Mr. Chairman.

FURLOUGHING OF AIR PASSENGER INSPECTORS

Mr. Secretary, recently TSA issued hundreds of yellow slips throughout the system, many to recently trained inspectors. Does that reflect itself on the budget, because I noticed, personnel, you have increased it?

Mr. HUTCHINSON. It does, and the reason for that was twofold. One, there is a cap on the number of employees. This reduction, or right-sizing, as Admiral Loy calls it, will bring the screener workforce down to 49,000, and then secondly, there naturally needs to

be an adjustment out there for efficiency purposes. The organization stood up very quickly. Not all of our personnel were allocated in the right way. We have to adjust it to allow for the traffic flow. There is going to be a reduction of 6,000, I think, in the next 6 months. It will be phased in.

About half of those will happen through normal attrition. Others will be done through performance evaluations. There is some accommodation for those that have to be moved, so Admiral Loy is working closely with the workforce on that and with the management at TSA to do this in the best way, but it's something that was necessary from a budget standpoint and a management standpoint, and in answer to your question, it does save hundreds of millions of dollars by this reduction in force.

Senator INOUYE. Do you have similar caps in other areas?

Mr. HUTCHINSON. In other areas of Homeland Security?

Senator INOUYE. Yes.

Mr. HUTCHINSON. No. That is the only statutorily mandated limitation on numbers. Of course, others are fixed in terms of the amount that could be used for personnel, but that was a unique circumstance in which we had to stand it up so quickly. There was a limitation that was placed on it, and that is the only one that, because of budget constraints, TSA is the only one that had to do a right-sizing of the workforce.

Senator INOUYE. Thank you very much, Mr. Chairman. May I submit my other questions?

Senator COCHRAN. Senator, thank you. Certainly, and we hope you will be able to respond, Mr. Secretary, to the written questions within a reasonable time.

Mr. HUTCHINSON. I would be pleased to do so.

Senator COCHRAN. Senator Hollings.

PORT SECURITY

Senator HOLLINGS. Mr. Chairman, on Senator Byrd's question of your request to OMB, add how much OMB cut your request, will you, please?

Mr. HUTCHINSON. I will add that to the request.

Senator HOLLINGS. And this is friendly, because I'm with you, and I want to work with you, but you're way behind the curve when you intimate that, for example, the port security assessments are on course, and that security at ports is good. Let me—harken the actual facts.

When we passed the port security bill in the United States Senate, it wasn't just an estimate. That was a determination of $4½ billion, and $1.4 billion immediately. That was voted on by every Republican and every Senator, 100 to nothing. When we got over on the House side, they bucked all year long, and we had to finally compromise just making an authorization bill in November.

Again, in the emergency supplemental we had a billion in there that we could spend during the rest of this fiscal year. I know Senators, Republican Senators that wanted to cosponsor, wanted to vote for it, and word came from the White House, don't vote for that. There's no money.

And when you intimate that money could come from the private sector, it won't come from the private sector. It won't even come

from the public. Working with these folks you learn quickly, they don't want security. The name of the game at the port is to move it as fast as they possibly can, and so they're in competition, and they just cross their fingers and say, well, they'll blow up Houston, or they'll blow up Philadelphia, they won't come to mine, and I'm not going to spend my time and money on that particular story, and incidentally the law says the captain of the port is in charge of security, which means you, Mr. Secretary, the buck stops with you. We need that money. We need it right away.

We do not have—for one, you testified, the transportation worker identification credentials. That's supposed to be available next month, in June, and these truck drivers coming on the port facility, they don't have credentials. They can't enforce it now, but that's what we said last year, that by June of this year we would have a card that you had approved in the Department of Homeland Security, and that Department would issue it, and then everybody would have an identification card.

We have virtually no security whatever. I can identify every plane that approaches the coast of the United States. I cannot identify every ship. Now, we made the shipowners provide transponders, but we do not have the money for the channel towers. It just came out the other day when Secretary Ridge was here, and he testified that we don't have that money yet. You've got to get your Department on top of this particular problem, because Osama bin Laden has got 10 vessels that he owns. He used a rust bucket to go into Mombasa, the port of Kenya, to blow up U.S. Embassies in Nairobi and Tanzania, and they could come up to Houston, or come up the Delaware River.

They could come up on, not on one of those rust buckets, they could take over—like they did the planes, they could take over an Exxon tanker coming right up there, throw the captain overboard and run it into the tank farm there, blow the whole thing. That would close down the eastern seaboard for several months—we've got Booz-Allen studies. All of this has been, not just estimates, but studies showing the tremendous danger that we're in, but to come to say, we're on course and the port security is good? I want to work with you and get on with that. We need the money now, and your budget doesn't call for it.

Otherwise, there's been an ongoing, trying to get an additional 500 Customs agents. We debated an old textile bill back when President Reagan was in. I tried to get the 500 there. Then when we debated another bill, NAFTA, in 1994—he is now the ranking member of the Budget, but Congressman Spratt, that you know very well, he voted for NAFTA on the promise that he would get 500 Customs agents. He hasn't gotten them yet.

Now we go to the Customs agency and say, look, you say the $5 billion in train shipments in violation of textiles, and the agent looks at you and says, Senator, you want me to check drugs or do you want me to check textiles? He said, I'm checking drugs as best I can. Now, the agent says, excuse me, I'm checking terrorists, then I'm checking drugs, then I might get to your textiles, so you're way behind the curve on Customs agents, so I just suggest that you get on top of that.

I see according to my news reporter here on the right we're getting rid of Mitch Daniels in 30 days.

Senator LEAHY. Hallelujah.

Senator HOLLINGS. Hallelujah is right. Let's get the money and get on, because you're the one that's going to be in charge. The buck stops there.

I appreciate you've got a difficult task, and a lot of old things like the Customs things and identification card and the Port Security money. The money hasn't been there on rail security, it's not there on port security.

Mr. HUTCHINSON. Senator, I just want to thank you for your comments. You have been a very constructive partner in this, and I take your admonitions very seriously, and I certainly do not mean to represent that everything is perfect in the security realm. We understand the many challenges that we face.

Senator HOLLINGS. Your problem is money, and let's get it out of that crowd.

Mr. HUTCHINSON. Thank you for your comments, Senator.

Senator COCHRAN. Senator Leahy.

Senator LEAHY. Thank you, Mr. Chairman. I checked—any further news? I'm so tempted to say something, but I'm not going to do that. I don't get the Arkansas wire here.

Mr. HUTCHINSON. You're a wise man.

Senator LEAHY. I only get the Vermont political wire.

Mr. HUTCHINSON. I'm staying right where I am.

I think.

RESTRUCTURING OF IMMIGRATION AND CUSTOMS

Senator LEAHY. Let me ask you a question. You and I have known each other and worked with each other for years, and I am thinking back to when you testified before the Judiciary Committee in March, and I asked you to make good use of the excellent former, now former INS employees from Vermont that you inherited. Vermont is home to the administrative offices for the INS that provides oversight administration for much of the eastern half of the United States. I mention them because the workers have always received the highest rankings for their work and efficiency, and most have felt it was a good bang for the buck, and you told me it was essential to get the facts and to communicate with them clearly.

Now, since that testimony, the former INS and Customs employees of Vermont still want to know what the restructuring means to them. Of course, some confusion is inevitable. I was looking at the organizational chart of the Department of Homeland Security. It's a pretty daunting one, so could you tell me what is the current state of restructuring for the Bureau of Immigration and Customs Enforcement, and how will that command structure differ from what the INS now has?

Mr. HUTCHINSON. Thank you, Senator, and first of all the Law Enforcement Service Center in Vermont does an outstanding job. Mike Garcia, the Acting Assistant Secretary in charge of ICE has been up there. I'm also aware of how critical a role they play in providing local law enforcement with information on alien absconders and other issues that they have to confront, so I'm very im-

pressed with the work that they do in terms of our organizational structure with Immigration and Customs Enforcement. I call it ICE.

This Bureau came into Homeland Security by simply linking the chain of command at the top, and so you had your immigration enforcement and you had your Customs enforcement. They just came up to the top. Now we're bringing those middle management structures together, and we're going to be moving forward in the next couple of weeks. The management of Immigration and Customs Enforcement is ready for this unified leadership change. I do not see that this impacts the enforcement services there in Vermont. We do not plan to reduce the staff there. They're doing an outstanding job, and they're very needed in this mission, and they will remain a critical part of Immigration and Customs Enforcement.

LEADERSHIP ISSUES IN REORGANIZATION OF BORDER SECURITY AGENCIES

Senator LEAHY. Thank you. I was just wondering. I don't envy you having to do this, but you have to integrate the old INS, Customs, other agencies into the Bureau of Customs and Border Protection. If you've got overlapping personnel and administrative support staff and so on, how do you determine who takes the lead? Who is in charge? I mean, ultimately you are, I understand, but to make it function, how do you determine that?

Mr. HUTCHINSON. Well, it is a challenge whenever you're looking at whether it's immigration enforcement director or Customs traditional enforcement, SAC, that takes the lead, when you bring the management structure together you look at their experience, you look at their grade level, and things like that, put an interim person in charge. Then you will go to a merit-based selection process where everybody can present themselves for that, so it's a process we're going through that's working fairly smoothly.

The biggest challenge is with the services side and splitting things off there, because you had support functions that supported both the enforcement side as well as the services side, as well as the inspection side, and so you've got some blend. That's more difficult to split, but Commissioner Bonner, Mr. Garcia, and Eduardo Aguirre, who is head of the services side, have a working group between them that work on these issues, and they're resolving them very well. It's a challenge, but they are making progress on it.

One of the biggest challenges, by the way, is the overseas offices, because usually in a small overseas office they serve everyone, and they're funded in many instances by the services side fee collection, and that is a difficult issue we're wrestling with.

Senator LEAHY. I am sure it is. I have other questions about TSA staff reductions, certainly at the Burlington Airport and others. I will submit that for the record.

And I will make the same invitation to you I made to Governor Ridge. The snow has gone out in Vermont. It has now melted. The maple syrup crop is in. Come to Vermont and talk to these people. I really wish you would. They are amazing. I have spent a lot of time both in South Burlington and St. Albans, where we have so many INS, Customs, others up on the border, and I use that term,

INS, Customs, all just realizing that has changed, but to indicate who I'm talking about.

These are remarkable people. They are highly dedicated people, alien tracking system that you referred to in law enforcement. I remember one time we had 20 inches of snow overnight. This had to stay open around the clock. Everybody showed up to work on time, and I said something and they said, well, there has to be somebody here, of course. I mean, there's just never any question.

So come on up there sometime. I would love to show you around.

Mr. HUTCHINSON. Thank you. I'd be happy to do so.

Senator LEAHY. And I will submit my other question, if I might, for the record.

Senator COCHRAN. Thank you, Senator Leahy.

ENFORCEMENT ROLES AND COORDINATION UNDER REORGANIZATION

Mr. Secretary, in your directorate there are several sub-bureaus focused on enforcement of current law, specifically the Bureau of Customs and Border Protection, the Bureau of Immigration and Customs Enforcement, and the Transportation Security Administration. How do you intend to coordinate the policies and the investigations procedures of these different entities within your directorate? Will they be coordinated, or will they function more or less independent of each other?

Mr. HUTCHINSON. They will be coordinated, and we're doing it in a couple of ways. First of all, every Friday we have a policy council, BTS policy council that meets. The heads of each of the agencies under the Border and Transportation Directorate meet and we work on this coordination every week, high level.

For example, use of force. Whenever you have a multitude of different agencies coming from the Justice Department, the Treasury Department, Transportation coming over, everybody has a different policy. We want to unite them together. This afternoon I'll be meeting with the Deputy Secretary about the procurement of boats. Whenever you have Coast Guard, it's not in the BTS, but we're trying to coordinate that with our Immigration and Customs Enforcement procurement of some air and marine assets, so we're working at that level as well.

Probably most importantly, though, is the IT architecture, the information infrastructure. We're working with Steve Cooper, our Chief Information Officer for the Department, and building it together. For example, TSA is proposing and trying to pilot the CAPPS–II program, which is an information-sharing system I also emphasize over and over again that ultimately we want to be able to collect information from our visa programs overseas and the consular offices, make sure that information is available to our inspectors at the airports and our land ports of entry. Furthermore the information that is collected must be Government-based, not any private databases there, but appropriate to be shared, can be shared, and so we want to integrate these functions together.

It is a humongous challenge. I think there's almost 3,000 different mission-oriented programs for our information infrastructure. That's a huge challenge, to coordinate those together, but we're working on it through policy development in our policy council.

CONSOLIDATED PROCUREMENTS

Senator COCHRAN. In that connection, I think there could be opportunities for substantial savings if you bring together the procurement processes too. You mention the boats and ships that might be under the jurisdiction of the Coast Guard or some of the other agencies, but a number of automobiles and other vehicles like buses and helicopters are used by the Border Patrol, Investigations, Detention, and TSA. It seems to me that they could be consolidated in a procurement regime under your directorate, and you could end up saving money and become more efficient in the process. Is that your plan, and to what extent are you implementing that kind of plan?

Mr. HUTCHINSON. That is the plan, and it will result in some savings. For example, the Canine Enforcement Divisions. TSA has a canine enforcement program, bomb-sniffing dogs. We have drug-sniffing dogs in terms of the border inspection, and we want to look at ways that we can bring these programs together, not just for cost savings, but also for better standards and better training, so that's one area.

As you mentioned, there's a whole host of others. Helicopters is a good example, and not just in procurement but also in cross-training capabilities. I was in a meeting of employees where you had the Border Patrol having their helicopters, and then you had the Air and Marine Division of Immigration and Customs Enforcement with their helicopters, and they said, you know, we'd have less down time if we were cross-trained, we could actually use the other's helicopters, so this is something that's being pushed at both the ground level and at a high level.

In some instances we won't be able to have joint procurement. If we can't, we want to be able to explain why and check it out.

CONSOLIDATED INFORMATION TECHNOLOGY

Senator COCHRAN. You mentioned information technology. Do you intend to consolidate hardware and software systems within your directorate so you eventually end up with one single technology platform, or will it be a combination of systems?

Mr. HUTCHINSON. The ultimate goal is that they're integrated and that the information is shared. As to how you technically reach that goal, I will leave that to Steve Cooper, our Chief Information Officer, who has the technical capabilities, but I am working with him to accomplish that. It is not going to be—we can't stop every program development right now to say, wait till we get all this coordinated, but we're trying as we develop a program saying, make sure that this is going to be able to tie in to the other programs that we know have to be developed, so ultimately we will be measured by that, and we're committed to having success on that.

Senator COCHRAN. Well, I wish you well. I think it is a very challenging responsibility that you face. To what extent do you try to impose your will on the agency heads within your directorate?

I'm thinking about some of the specific requirements for security precautions at our Nation's airports. There still seems to be a good deal of controversy surrounding some of those things, whether they're needed or not, whether they take too long, do you have too

many people as screeners, or not enough at some places. How much are you going to get involved in the details of those decisions?

Mr. HUTCHINSON. Senator, first of all I have a lot of confidence in the agency heads. They're good managers. They are very thoughtful, and certainly want to do a good job for the country, so I don't want to micromanage them. We give broad direction to them, but we do ask the tough questions, and that's my responsibility, and so that is one of the reasons I get out in the field. I see how it's working out there, I come back and push them on a number of these things, and then we have our own initiatives, some of those I have mentioned, to bring them together.

The greatest challenge, but opportunity, we have is to bring these cultures and operations together in a way the American public expects. For example, the sharing of information, where a boat operator does not have to send the cargo information to three different agencies but can send it to one—a common sense approach, and we're doing that. Those are the kinds of initiatives we want to be able to drive with them. Good managers, though. They have a lot of flexibility, but we are working for Department objectives that they will implement, and we're going to make sure that happens.

Senator COCHRAN. Thank you. Senator Byrd. Excuse me, Senator Kohl. Senator Byrd is willing to yield to you for any questions you might have. We've been operating under sort of a loosely determined 5-minute rule for questions.

REDUCTION OF AIRPORT SECURITY SCREENERS

Senator KOHL. Thank you. I appreciate it very much.

Mr. Secretary, recently the Administration announced that it intends to cut 6,000 security screeners at airports around the country. I do understand that some airports may well have more screeners than they need, and so I'm not opposing the reductions in their entirety. However, I'm concerned about a few airports in my State of Wisconsin that I believe will have a difficult time dealing with staff cuts.

First, Dane County Airport is listed as going from 81 to 63 screeners. I have been told that this is based on some misunderstanding about the number of security lines at that airport in Madison. TSA thought that Madison had only one security line when in fact it has three.

I have also been informed that this confusion is in the process of being sorted out and that Madison should get an additional screener, which would bring it to a total of 82. Is my understanding correct, and can we expect a decision on this fairly soon?

Mr. HUTCHINSON. There have been some—you know, in the process of adjustments there were errors made that have had to be reevaluated. Originally we had received some inaccurate information about the number of lanes in Wisconsin. The field resubmitted that information, and the numbers will be finalized in the next couple of weeks to reflect the added lane you mentioned. I will be glad to get back with you more specifically on your question to give you the commitment that you're asking for, but that is the information that I have right now, and we will continue to work on that.

Senator KOHL. I appreciate it, and will stay in close touch.

At another airport, at the Outagamie County Airport in Wisconsin, which serves the Appleton area, it's slated to go down to 29 screeners from its current level of 51. However, even with 51 screeners Outagamie County Airport is paying 10 percent of its screeners' employment costs now in overtime, so the question is, why would screeners be reduced when TSA is currently paying overtime on a regular basis in this location?

Mr. HUTCHINSON. I would have to look at that, too, and get back to you. The methodology for the changes that were made looked at passenger loads and the numbers of lanes, the use of part-time and seasonal employees. The split shifts were considered, but that doesn't answer the question that you're asking, and we will be glad to get back with you as to how the overtime that they were having to commit justifies the reduction that you refer to.

Senator KOHL. Okay. Well, I would like to be able to stay in touch with you and the Department on that one.

SMUGGLING OF PSEUDOEPHEDRINE

Mr. Secretary, in January of 2002 a trafficking operation operating in several U.S. cities was found to be smuggling pseudoephedrine, a precursor to meth, into the United States from Canada. Meth is a major problem in my own State of Wisconsin and throughout the Midwest, but what's even worse, the proceeds of that trafficking ring have been traced to Hezbollah and other terrorist groups operating in Yemen and Lebanon. In what ways has the Department of Homeland Security tightened its processes and procedures at the borders to stop the smuggling of illegal drugs or their precursors into the United States, in light of the link between drug trafficking and terrorism?

Mr. HUTCHINSON. Excellent question, and I appreciate that both from my current standpoint of protecting the borders and the point I made when I was at the DEA. We are very concerned about these types of operations at Homeland Security. Illegal drugs constitute one of the biggest weapons of mass destruction that we suffer, and so it is appropriate that we protect our borders from both terrorist weapons and also drugs.

What you refer to is Operation Mountain Express, a very successful investigation of the pseudo-traffickers, and as you mentioned, some of that money went to the Middle East, some of which went into the hands of some terrorist organizations. What we're doing at the border—and I was there at some of the ports of entry on the Northern border, and our inspectors are looking at shipments that may be suspect in terms of pseudoephedrine that would come from Canada.

We're also certainly encouraging our Canadian counterparts to regulate pseudoephedrine so they do not have the legal capability of procuring it there and moving it through the Canadian commerce chain before it comes across our border. We are keeping an eye on that from an inspection standpoint at the borders, from an investigative standpoint through Immigration and Customs Enforcement, and finally working with the Canadian Government to regulate pseudoephedrine.

Senator KOHL. Thank you.

SEVERE ACUTE RESPIRATORY SYNDROME (SARS)

A last question, Mr. Secretary. We can all be thankful SARS has not taken serious hold in our country. However, SARS has shown us that a deadly illness can be introduced and spread by visitors to our country, or upon the return of an American citizen who has traveled abroad. What is the Department of Homeland Security doing to ensure that visitors who come into the United States at border crossings or by airplane or by boat are not carrying SARS? What is the Department doing to prepare for and safeguard against other, possibly more lethal diseases?

Mr. HUTCHINSON. It has been a wake-up call for all of us that have responsibility at our ports of inspection. In reference to SARS, we provided training information for our inspectors to know what SARS is about, how to identify the symptoms of that, and what to guard for.

We certainly give them the protective equipment whenever they have reason to believe they might be exposed so they can protect themselves. We are closely working with the Center for Disease Control and Secretary Thompson's shop to make sure we have the right information.

As we see passengers that come from areas of the world that have an outbreak of SARS we will give them information that CDC prepared, that they know that the passenger would be able to identify the symptoms and be able to check with a doctor if they encounter those symptoms.

So it's training, it's information that we're providing for the passengers, and then we're looking down the road in the event it becomes more serious, or a greater concern, what additional steps we should take. That is difficult, difficult obviously when people are coming to our land borders particularly. There is very little that we can do, but we do want to be able to provide the training and the information, and to see if there's any additional action we can take in conjunction with CDC.

Senator KOHL. I thank you very much, Mr. Secretary.

Mr. Chairman, thank you.

Senator COCHRAN. Thank you, Senator.

Senator Byrd.

ENTRY/EXIT SYSTEM

Senator BYRD. One crucial component of ensuring our homeland security is ensuring that we as a government know which foreigners are visiting our country, why they are here, and that they depart when they are required to do so. Our existing visa tracking systems are not doing the job. The budget before us requests $480 million for the new entry/exit visa tracking system. This is only a $100 million increase over last year's level of funding.

A few days ago, Secretary Ridge announced a major change in the program, proposing to create the U.S. VISIT system. The Secretary has testified about the potential use of biometrics in the system, but he offered very few other details when he appeared before the panel last week.

Many Members of Congress and outside experts are concerned about the lack of progress in implementing the previous system,

much less this revised system. It's my understanding that the Department has not yet determined what technology will be used in developing the system. Do you have anything new on that point?

Mr. HUTCHINSON. I believe Secretary Ridge set the goals and the direction for us in his testimony he presented to this committee. He has directed us to go through a review of the program that we inherited to see how we can meet the objectives that Congress set for us in their deadlines, but also the goals that Secretary Ridge has set. There are a number of policy decisions that have to be made in order to determine how we get to these objectives. We are due to provide the Appropriations Committee a report on this, and we look forward to getting that to you as soon as we can conclude this review.

Senator BYRD. Considering the track record of the former INS in tracking foreign visitors, let alone identifying potential terrorists or even coordinating watch lists with other Federal agencies, I did not have much faith in that service's ability to get the job done. Shortcomings have plagued the INS, and are not far from plaguing the Border and Transportation Security Directorate. There remain too many holes in our borders and not enough agents. There are millions of visitors to this country, and there is not even an ability to guarantee that they are who they claim to be.

What steps are being taken to ensure that this system is on track, and that it can be deployed in a timely fashion?

Mr. HUTCHINSON. Well, first of all, the goal that was given to us in 2003 was to deploy, to have an entry/exit system for our airports and our seaports. As Secretary Ridge indicated, we're going to meet that congressionally mandated deadline. We're going to have that capability.

In addition, really in my view further than the law requires, we're going to have the capability of capturing and reading biometric identifiers at that time in our airports and seaports, so we look forward to working with Congress to accomplish that goal.

The second part of the mandate is to have the same type of system in the 50 land ports of entry by the end of 2004. We are moving forward aggressively to evaluate what has been done by the former INS in developing this system. As soon as we complete that review, we will report to the Congress as to where we will be in reference to the 2004 deadlines, but we're working very aggressively to accomplish that.

When you talk about tracking visitors, a part of it is also getting better information on our visitors and checking them out at our consular offices overseas. We are working with the Department of State right now for a memorandum of understanding with them to transfer some of the oversight and training responsibilities on that from the Department of State to the Department of Homeland Security, which was a part of the legislation that created this Department.

TRACKING OF STUDENTS AND EXCHANGE VISITORS

Senator BYRD. One of the criticisms of the former INS, Immigration and Naturalization Service, was and remains its inability to adequately track the entry and subsequent exit of non-U.S. citizens who come to the United States and for whatever reason overstay

their visa. For instance, only last month, the Department of Justice's Inspector General released a report stating that there are significant deficiencies in the tracking of foreign students.

Your Acting Assistant Secretary of the new Bureau of Immigration and Customs Enforcement agreed with the IG's conclusion that they need more resources to properly manage one of the many tracking systems. What is your take on that? Are additional resources required to implement the new system?

Mr. HUTCHINSON. Well, the Department of Justice Inspector General report was on the SEVIS system, which was the tracking system for foreign students that come to our educational institutions, and this has been a very successful deployment, in my judgment, by the former INS, and now, the Immigration and Customs Enforcement responsibility. There were some bugs in it, as was pointed out by the Inspector General. Those we are attempting to address, and working with the universities to accomplish the very important goal of being able to track our students.

You asked about the resources. What we are creating is a lot of information for us to evaluate. We know, for example, that the universities will call in foreign students who have foreign student visas but they do not show up for class. Now, why is that? Do they just get a job somewhere? Do they go back to their home? If we have over 2,000 names of people, students who do not show up for class, we have a responsibility to check those out, and we are trying to develop that capability.

So we want to be able to get information but also to have an enforcement mechanism to investigate and to prosecute those who violate our law. That is a challenge for us. We are trying to meet that. Do we need more resources? That is part of the 2004 budget that I think will be adequate. We are going through to see what greater capability we need. I would be happy to report back to you, because I want to make sure we do not just get information from all these different tracking systems, but we have a capability to follow up on that information.

COUNTERFEIT IDENTIFICATION DOCUMENTS

Senator BYRD. Last year, the Senate Finance Committee tasked the General Accounting Office with sending agents out to try to enter the United States from Canada, from Mexico, and from Jamaica, using false names and counterfeit identification documents. In short, in each instance those GAO officials succeeded in using these fake documents to enter the United States. On at least one occasion, they were not even stopped as they crossed over at one point of entry.

They created fictitious driver's licenses and birth certificates, using off-the-shelf computer graphics software that is available to any purchaser. Additionally, they obtained and carried credit cards in the fictitious names that were used in the test. The agents entered the United States from all three locations using the fake names and documents. Officials of the former Immigration and Naturalization Service and the U.S. Customs Service whom the GAO agents encountered never questioned the authenticity of the counterfeit documents, and the GAO agents encountered no difficulty entering the country using the fake documents. On two occa-

sions, INS officials did not ask for or inspect any identification documents when the GAO agents entered the United States. On another occasion, an agent was able to walk across a major border checkpoint without being stopped or inspected by any government official. The results of the exercise led the GAO to conclude that, (1) people who enter the United States are not always asked to present identification, (2) security to prevent unauthorized persons from entering the United States from Canada from at least one location is inadequate, and (3) inspectors from the former INS are not readily capable of detecting counterfeit identification documents.

Now, what steps, Mr. Secretary, do you intend to have implemented in order to address the gaps, such as better training, more intense document scrutiny, and what additional resources do you need in order to accomplish these things?

Mr. HUTCHINSON. Thank you, Senator. First of all, we need to learn from those type of GAO reports and to take those lessons and apply them in the field. A couple of points there. In that GAO attempt to enter the country, they utilized, I believe, in most of the instances, State driver's licenses. Our inspectors, with 50 different States, are not as trained in identifying all the nuances of the different States' driver's licenses versus foreign passports, and so it can be addressed by more training. It can also be addressed by the States implementing more security in the issuance of their driver's licenses that are more resistant to forgery, so we need to approach it in both ways.

Secondly, I would point out that these are American citizens that were reentering the country, and our law does not require American citizens who travel to Canada and back to have any travel document, other than simply their affirmation or perhaps a driver's license that they are an American citizen. If we required our American citizens to have passports when they leave the country and return, obviously that would be a greater security measure, but I'm not sure we want to do that yet.

I would also point out that I was pleased that there was an instance, I believe it was in a Niagara point of entry, that an Iranian came across the border with fraudulent Australian passports, and who was apprehended at the time. So I think there's a difference between capability of our inspectors in picking up on false passports versus a driver's license from the different States. So we need to work on training, we also need to work with the States to enhance the security of their travel, a driver's license and other documents.

Senator BYRD. Mr. Chairman, I have further questions, but I would be glad to await your questions.

TRANSPORTATION SECURITY ADMINISTRATION RESPONSE TO SECURITY ALERT LEVELS

Senator COCHRAN. Thank you very much, Senator Byrd. In connection with the Transportation Security Administration, while you don't get involved in the minutiae of day-to-day administration responsibility, you do have the responsibility of providing guidance and supervision of those who do run that agency on a day-to-day basis, and I wonder about the impact of these different stages of

alert, the red alert, yellow, orange, or all the rest. To what extent are you involved in helping to determine exactly what the Transportation Security Administration does when it changes from one state of alert to another?

Mr. HUTCHINSON. I am substantially involved in that. In fact, when we brought on TSA from Transportation, other agencies from Justice, they had different ways of responding to the different alert levels, so one of the first things we did under my leadership was to ask for a review of the actions that were taken when we raised the alert level, and to make sure that they are complementary of each other. We are very much involved from a leadership standpoint in the actions that are taken by those agencies.

We also, most recently during Operation Iraqi Freedom, developed our own operation, Liberty Shield, in which we provided the leadership to the agencies working with them as to what should be the response and the additional security measures that would be taken as a result of the hostilities overseas.

AIRPORT SCREENER REDUCTIONS

Senator COCHRAN. Also, with respect to the Transportation Security Administration, we observed that Admiral Loy, who is the Administrator, has announced he plans to cut the number of airport screeners, 3,000 during this month and another 3,000 by the end of the fiscal year. How did the Transportation Security Administration get in the position of having such a large number of screeners—I have been advised the number is 55,000—when there is a statutory cap for full-time permanent positions at 45,000? Is this an indication that at least 10,000 of these were viewed as temporary employees, and it didn't violate the statutory cap?

Mr. HUTCHINSON. That's correct, either temporary or part-time, so it either could be a contract or they could be part-time. The full-time equivalency, Admiral Loy submitted to Congress that those statutory caps were met, but notwithstanding that, the reduction of the screener force came about. We closely monitored this working with Janet Hale, our Under Secretary for Management, looking at it from a budget standpoint, knowing that there was going to be a shortfall in the TSA budget, and there is this need to be met.

We worked with Congress, the Appropriations Committee with this, to know how we needed to address it, and as a part of that we were going to have this reduction in force. There were other components to meeting the budget requirements, but this was one phase of it.

COST OF SECURITY INVESTMENTS AT SMALL AIRPORTS

Senator COCHRAN. One other issue in this airport security area that is troublesome is the cost of security investments for small airports. For many of us, we represent States that don't have large airports but do have substantial investments through local governments and airport authorities in air transportation facilities. These smaller airports are being held to the same standards as larger more financially able airports, they are required to make changes for explosive detection systems and many other things. It looks to me, that we're going to either put some of these smaller airports

out of business or make it very, very expensive for local taxpayers to fund the changes that are being ordered at the airports.

You mentioned Biloxi, Mississippi, a while ago when you were talking about your visit to the New Orleans port. Not only do we have ports along the Mississippi Gulf Coast, but that's a rapidly growing area in our State. Air transportation demands are increasing enormously, and while they've done a good job of keeping pace, the airport now is being asked to relocate facilities for security purposes.

They were asked to move the parking areas way beyond where they were, to shut down existing parking facilities, all at tremendous expense, and then some of those decisions were changed, actually repealed. I'm not complaining that they were repealed, but the fact is they went and incurred enormous expenses, and then they said well, we changed our mind, you really don't have to do exactly what we asked you to do before.

Is there any plan for the administration to try to help meet the needs, the financial needs, of local airports, like the Biloxi, Jackson, Mississippi, Airports and others in our State, that are having to try to figure out how they're going to pay for all of this?

Mr. HUTCHINSON. It is a burden that is shared by your airports in Mississippi but also my airports in Arkansas that I'm very familiar with that are under similar circumstances. It has been a burden, and it reminds us that we certainly need to have enhanced security, but it also creates a real mandate on the private sector and expense on their part. We did get the EDS equipment in, but it was in very awkward places, many times out in front of the ticket counters, and they needed to be moved. The airports wanted them moved, and so that's a process we're going through.

FUNDING FOR EDS INSTALLATIONS

Approximately $1 billion in funding has been appropriated for EDS installations, $738 million in 2002, and $265 million in 2003. Of that, about half of that has been spent, and so there will be more that has been put out in the field based on that appropriation. The President's 2004 budget did not include additional funding for EDS employment in light of that $1 billion that is already appropriated, but the most recent war supplemental did provide for the possibility of letters of intent to the airports for in-line EDS installations, and we are committed to utilize that mechanism if the airports believe that is appropriate and helpful.

AIRPORT MODIFICATION FUNDING PRIORITIES

Senator COCHRAN. Do you have a procedure, or some kind of priority in mind for making these grants? How are you going to determine which airports are eligible, or which applications are going to be approved? I assume you can't approve every application for Federal funding assistance.

Mr. HUTCHINSON. That is correct, and there is a ranking of priority. Part of it is first of all those airports which utilized alternative means of baggage screening, and so they would have a priority first for the EDS installation, and then there are other rankings in priority. I would be glad to answer that more specifically and get that back to you.

[The information follows:]

Funds will be utilized for modifications to airports in two ways. TSA will continue to fund through an existing contract with Boeing for completion of work already assigned to Boeing by TSA. Second, TSA expects to utilize these funds towards in-line EDS solutions. TSA is developing a plan to be completed in the near future which outlines the Federal Government's long-term commitment for this purpose.

Senator COCHRAN. We would appreciate being informed about procedures and the priorities that the TSA is going to follow in making funds available to local airport authorities. We just hope the smaller ones don't get left out. That's the whole point.

Mr. HUTCHINSON. Absolutely.

Senator COCHRAN. I know there are priorities for the larger airports, and maybe that's where the greatest threats occur and are. I have some other questions as well, but on other topics, but I'm happy to submit those to you.

I think you've done an excellent job, coming in to the responsibility as you have with a lot of pressure, a lot of visibility. A lot of people want answers to questions that maybe can't be answered right away, and you have to work your way through a lot of these challenges. But I've been impressed with the way you've taken on the job and I appreciate the fact, just personally, that you've agreed to serve in this capacity. It is a very important responsibility, but you have a high level of energy and enthusiasm for it, and we appreciate your service very much.

Mr. HUTCHINSON. Thank you, Senator.

Senator COCHRAN. Senator Byrd.

Senator BYRD. Mr. Chairman, I agree with your statement and your assessments of the Secretary's authority and his dedication, and I want to echo the same.

PORT SECURITY GRANTS

Earlier, we discussed port security. In February, the Congress approved $150 million in the Omnibus Appropriations Act for port security grants. Three months later, your agency, Mr. Secretary, had done nothing to make those funds available to the ports, where the dollars can actually make our homeland more secure. What are your comments on this? Will you commit to using the $150 million right away to meet some of the $1 billion in applications that are sitting on your desk in response to the recent competition for the $105 million appropriated in the fiscal year 2002 supplemental?

Mr. HUTCHINSON. Senator, you're absolutely correct that that money is needed out there, and that money needs to move. Clearly TSA, with its budget constraints, in which they have had many aspects of direction and demands placed on them both from reality, but also from Congress, has demands greater than the resources they have right now. I know they have to evaluate these demands in conjunction with the Under Secretary for Management and OMB, and hopefully that money will be available to be put out in the field in the near future. We are waiting for the completion of that review and determination by our management folks.

Senator BYRD. On November 25, 2002, the same day the President signed the Homeland Security Act, he also signed the Maritime Transportation Security Act.

The Coast Guard has estimated that it will cost $1.4 billion in the first year and $6 billion over 10 years to implement the Act. The Congress has included in three separate emergency supplemental bills, as well as, in the fiscal year 2003 Omnibus Appropriations Act, funding for port security grants, and a total of $348 million has been provided. However, none of this was requested by the administration.

Only $93 million has been distributed to the ports to date. So, while the administration was eager to sign the Maritime Transportation Security Act, the administration has been somewhat silent on the costs associated with implementing it. Do you have any further comment, Mr. Secretary?

Mr. HUTCHINSON. Simply that we value our partnership with Congress, and that certainly reflects that you all provide leadership as well in this arena. The Coast Guard is responsible for conducting the port security assessments at the top 55 of our Nation's military and economically strategic ports. This is what has been mandated by the Maritime Transportation Security Act.

They have moved forward on this. The part of the funding out of the 2004 budget to complete this includes $62 billion to complete the assessments. They have done 20 of them. They have 35 more to do. That is completed in the assessments out of the 2004 budget, so the Coast Guard will be moving forward on this and will be working closely from the TSA perspective and the Customs and Border Protection perspective with the Coast Guard to accomplish that mandate.

COMPUTER ASSISTED PASSENGER PRESCREENING SYSTEM (CAPPS II)

Senator BYRD. Mr. Secretary, in the Transportation Security Administration's budget request, $35 million is for the new passenger screening program, known as the computer-assisted passenger prescreening system number 2. This new system is designed to enhance airline passenger safety by mining commercial databases of personal information and using pattern analysis to predict which passengers might engage in terrorist activities. It seems to me that this is a dangerous path that I fear will delve into every nook and cranny of an individual American's life. Under this new system, as I understand it, the TSA will assign each passenger a risk level of green, yellow, or red, and they will use that determination to prevent certain passengers from boarding the plane.

Now, you're walking on a tightrope. Remember in the old silent movies, but perhaps you don't go back that far, they had people walking on tightropes without a safety net. You may be on such a tightrope. I don't know whether you have a net or not. You're designing a new system to screen airline and airplane passengers that may run headlong into individuals' rights to privacy. Your effort to identify potentially dangerous passengers is a good goal, but your mechanism, the so-called CAPPS–II system, is frankly scary. I'm not sure there is a safety net out there.

Mr. HUTCHINSON. I've heard of them.

Senator BYRD. I was there, and I've heard that—well, perhaps do you want to comment at this point before I go further?

Mr. HUTCHINSON. I would be pleased to. Let me start by saying I was traveling with my chief of staff the other day on a commer-

cial airline, and whenever my chief of staff received her ticket, it had selectee there, and this was coming from the airline. So right now you have the airlines designating who is going to be subject to secondary inspection based upon a very inadequate system. The design of CAPPS–II is to put a little more rhyme and reason into who would be subject to a secondary screening, and it is important. I worked in Congress on privacy issues, and I'm very concerned about that aspect of it, and CAPPS will not collect personal data such as credit history. Information collected will come from already available commercial databases, but there will be a firewall so that it will not be collected by the Government or retained by the Government. That firewall is very, very critical, and it is important, as you point out, that that firewall not be breached.

I'm pleased that Homeland Security has brought on board a privacy officer, Nuala O'Connor Kelly, who from a privacy standpoint will be reviewing this system, and we will work with her and other privacy groups in terms of making sure that their concerns are addressed, that the firewall is in place, that the Government will not retain data, and that we will not collect that data that would be offensive to Americans.

Senator BYRD. I've heard that personal indebtedness is one of the criteria to be evaluated when looking at a passenger's risk potential. Can you confirm that?

Mr. HUTCHINSON. That is not correct. There will not be a review of personal indebtedness and creditworthiness. The Government will not be doing that.

Senator BYRD. Well, I'm glad to hear you say that. It would seem a bit odd, wouldn't it?

Mr. HUTCHINSON. Yes, it would.

Senator BYRD. I fear that there's something there that would smack of elitism.

Mr. HUTCHINSON. It would be inappropriate.

Senator BYRD. There's a risk of abuse by the Government.

Mr. HUTCHINSON. I might not qualify to fly if that was the case.

Senator BYRD. That is frankly un-American, so I'm glad to hear you answer that question as you did.

Congress built a number of safeguards into the Homeland Security Act to protect against privacy invasions, but to date the Department has not made available to the public any information about development of the system, nor has it confirmed that it will publish guidelines for the program. How is Congress to know that privacy rights will be respected?

Mr. HUTCHINSON. Well, I do believe that Admiral Loy has made an extraordinary effort to keep the public informed through communication with privacy groups, and he has met with groups from the ACLU to other privacy advocates going over what the CAPPS program is and what it is not, and listening to their concerns. I think there has really been an extraordinary amount of communication to the public through those groups of concern and a great deal of public comment on it. In fact, I think he's going to be testifying in a hearing on it very shortly.

So actually contrary to the development of some databases, this has been done through education and communication with the pri-

vacy groups, and we hope to continue to do that and listen to their concerns.

Senator BYRD. What data sources are being mined, m-i-n-e-d? CAPPS–II has raised privacy concerns that the Department has not yet addressed, so what data sources are being mined? Who has access to the data? What mechanisms will the Department use to verify the accuracy of the data?

Mr. HUTCHINSON. The Government will not be looking at any of these data sources. It will be only looking at the Government databases such as the terrorist watch list, then there will be the firewall, in which the commercial databases will be looked at from a commercial vendor's standpoint, but it will not be retained or examined by the Government. That is where the firewall comes into place, and that goal is, of course, to verify the passenger's identity and therefore refine the security screening selectee process and eliminate the majority of mistaken identity situations.

The personal data will not be collected by the Government, and will not be retained by the Government, and I think these are standards that are important in the development of this system.

Senator BYRD. Will the appropriate congressional committees be given an opportunity to review the proposed CAPPS–II guidelines before they are finalized?

Mr. HUTCHINSON. Absolutely. We would be happy to make sure that you or your staff or any of the committee staff be briefed.

Senator BYRD. Very well.

ADDITIONAL COMMITTEE QUESTIONS

Mr. Chairman, I believe I would submit the remainder of my questions for the record, and I thank you, and I thank the Secretary.

Senator COCHRAN. Thank you, Senator Byrd.

[The following questions were not asked at the hearing, but were submitted to the Department for response subsequent to the hearing:]

QUESTIONS SUBMITTED BY SENATOR THAD COCHRAN

DEPARTMENT START-UP ISSUES

Question. Please provide the Committee with the dollars, positions, and full-time equivalents that have been allocated to the Under Secretary's office in fiscal year 2003, requested for fiscal year 2004, and under which appropriation has requested these resources have been requested.

Answer. See below

	Fiscal year 2003	Source Appropriation	Fiscal year 2004	Source Appropriation
Funding	$1,990,111	Departmental Operations.	$9,715,000	Departmental Operations
Positions	67		67	
FTE	39 (est.)		67	

Substantial additional support, including facilities costs, desktop information technology and telephony services, security, and postage costs are funded centrally.

Question. Will there be a centralized Office of Legislative Affairs within the Under Secretary's office? Or do you plan to have legislative affairs responsibilities handled by each of your sub-bureaus?

Answer. The Office of Legislative Affairs is centralized in at the Department with legislative affairs personnel assigned within our components to provide direct support.

Question. What specifically has changed, and what has not yet changed for these agencies that transferred into your Directorate?

Answer. Interim structures have been established, including interim port directors in the Bureau of Customs and Border Protection (BCBP) and interim District Directors within the Bureau of Immigration and Customs Enforcement (BICE). The Transportation and Security Administration transferred as a whole entity and has maintained their management structure.

Question. How are you mitigating the impacts of this transition on the capabilities of each of the transferring agencies to continue to perform their homeland security missions and their non-homeland security missions?

Answer. Operational personnel that perform daily activities; have been maintained in respective geographic locations to ensure the level of expertise and continuity that existed prior to March 1, 2003 is continued.

Question. What specific steps have you taken to integrate the chains of command and the personnel of these organizations without interfering with their current capabilities to perform their missions?

Answer. Interim structures have been established, including interim port directors in the Bureau of Customs and Border Protection (BCBP) and interim District Directors within the Bureau of Immigration and Customs Enforcement (BICE). This will provide the most effective consolidated organizational structure with the least disruption to operations and personnel.

Question. The area that may present the most difficulty for integration are the three inspections services. After March 1, 2003, who assumed control of the inspections functions at each of the ports-of-entry? How were the decisions made in appointing the acting port directors?

Answer. On March 1st, approximately 40,000 employees were transferred from the U.S. Customs Service, the Immigration & Naturalization Service, and the Animal and Plant Health Inspection Service to the new Customs and Border Protection (BCBP) agency in the Department of Homeland Security. To address our priority mission of preventing terrorists and terrorist weapons from entering the United States, a single, clear chain of command was established. For the first time, there is one person at each of our nation's ports of entry in charge of all Federal Inspection Services. A group of senior managers from the legacy agencies (Customs, INS and APHIS) met to decide and apply criteria for identification of interim leaders. Designated interim port directors were identified by considering a number of factors including grade level, complexity of operational activity and size and variety of staff. A similar process to make the structure permanent will be completed in fiscal year 2003.

Question. What concrete steps are you taking to meld the different cultures of these organizations in a way that preserves any unique, positive aspects while creating an overall "Border and Transportation Security (BTS) Directorate" culture?

Answer. Our challenge is to convey to our over 170,000 employees that while the name of the agency has changed their mission remains the same. The success of BTS hinges on our men and women in the field and in our headquarters. When the Under Secretary and senior management travel they almost always have a roundtable or town meeting for all BTS employees in order to hear concerns and convey the Department's commitment to unify employees.

Question. How do you intend to effectively and decisively respond to resistance to change from these separate "cultures" coming over to BTS?

Answer. Through sound management practices and regular recurring meetings with BTS component senior staff, issues are addressed in a timely and effective manner. I also take every possible opportunity to hold town hall type meetings with employees to dispel misperceptions and reinforce the mission objectives of DHS/BTS. I have also instructed each of the respective agencies/bureaus within BTS to do the same.

Question. When will you be able to provide more detailed transition plans to Congress that will outline more specific steps that are occurring to accomplish the transition?

Answer. According to the Homeland Security Legislation, The Department of Homeland Security and the Border and Transportation Security Directorate (BTS) must report to Congress on a regular basis concerning the status of the transition and the reorganization. For example, 100 and 20 days after the legislation's enactment, DHS must report to Congress on the proposed division and transfer of funds between the Bureau of Citizenship and Immigration Services and the BTS. Furthermore, one year after the legislation's enactment, DHS must report to Congress on the implementation of visa provisions in the Act. We welcome this opportunity to report to you about our progress and the daily challenges that we confront during this tremendous undertaking.

COORDINATION ISSUES

Question. What steps will you be taking to ensure that the three sub-bureaus focused on enforcement within your own organization, the Bureau of Customs and Border Protection, the Bureau of Immigration and Customs Enforcement, and the Transportation Security Administration, will be coordinating information, policy, intelligence, and investigations?

Answer. Within the organizational structure of the Border and Transportation Security Directorate are offices of Policy and Planning, as well as Operations. These offices will ensure continuity, coordination and direction within BTS.

Question. As just one example, the Container Security Initiative, and the Customs Trade Partnership Against Terrorism are both being run by the Bureau of Customs and Border Protection (BCBP), and Operation Safe Commerce is the responsibility of the Transportation Security Administration (TSA). While one is focused on screening high risk cargo before it leaves the outgoing port, the other two operations are to be focused on total supply chain security. How will these projects be coordinated to ensure no duplication of effort and the best use of the funding provided?

Answer. BCBP has the sole statutory and regulatory responsibility for container security on containers destined for the United States. Although this authority is clearly delineated through the implementation of enforcement programs like Container Security Initiative (CSI) and Customs-Trade Partnership Against Terrorism (C–TPAT), BCBP strives to comply with its mission in coordination with other equally vital offices within the Department of Homeland Security which have statutory and regulatory responsibility over a segment of sea transportation.

Coordination and communication with our department partners ensures an effective and streamlined security process. For example, BCBP has established a protocol with the United States Coast Guard to handle certain types of serious threats through the High-Interest Vessel program. Also, BCBP has shared interest with DOT and TSA in developing industry partnership programs that improve container security (and other types of transportation security) and are consistent for domestic and international shipping.

BCBP and TSA are working together through a jointly chaired steering committee that makes the final project selection decisions for Operation Safe Commerce. The Federal Register notice that initiated the Operation Safe Commerce program makes specific references to C–TPAT and CSI as initiatives that may be considered as part of Operation Safe Commerce business practices and technology supply chain "test bed" initiatives.

As a voluntary government-business initiative, the C–TPAT complements the overseas targeting of the CSI and the development of new security techniques under Operation Safe Commerce. As of May 9, 2003 C–TPAT membership includes over 3,000 companies that account for approximately 37 percent of all U.S. imports by value and approximately 93 percent of all U.S.-bound sea-containerized cargo. By creating a significant network of reliable and secure companies, C–TPAT enables BCBP to direct its CSI targeting to areas of greater risk and establishes a mechanism for incorporating the best practices and new high-tech equipment identified by Operation Safe Commerce.

Question. What steps have you taken to ensure that good coordination is established between your organization and the new Bureau of Citizenship and Immigration Services (BCIS)?

Answer. Working groups have been established to ensure proper coordination between BICE, BCIS as well as BCBP. These groups will address issues that affect all components and develop protocols to address these issues in a manner that satisfies the needs of all members of the working groups. Coordination on day-to-day issues is on-going between all components.

Question. We are looking forward to getting the report on the implementation plan for the separation of personnel and funding between the BTS and the BCIS as called for in Section 477 of the Homeland Security Act. Please outline for us what steps you are taking to put this plan into place.

Answer. On March 1, 2003, the Immigration and Naturalization Service ceased operations and its functions were transferred to three new Bureaus within the Department of Homeland Security. Recognizing the complexity of this transition, the Department adopted a phased approach, which focused first on realigning the operational components and chains of command within the Department. To ensure continuity of operations, no changes were made on March 1 in the areas of shared corporate and administrative support functions. For the interim, the former INS support functions continue to support former INS components, and the former Customs support functions continue to support former Customs components. Work is currently underway to identify existing resources and options for organizing these func-

tions in the longer-term. Transition offices have been established to coordinate and manage the transition process, and a number of working groups have been formed within the Department to address these issues, including a senior-level BICE, BCBP, BCIS group, which meets weekly. The Department will be forwarding a report with more specific information on the implementation plan later this month.

Question. Another important Directorate within the Department of Homeland Security is that for Science and Technology. How will you ensure that the experience and knowledge of front-line employees is being used effectively by the Science and Technology Directorate in deciding research priorities?

Answer. Science and Technology and Border and Transportation Security are developing a BTS technology strategy and plan. This would integrate the technology needs of the border and transportation security bureaus into one consolidated strategy, taking advantage of economies of scale, prioritize needs across mission areas, create synergistic opportunities among the bureaus and reduce unnecessary duplication. It would engender the confidence of the operational community, help demonstrate effective budget execution and justify the technology budget.

Question. What plans do you have to ensure smooth coordination with the Department of Justice, in such areas as the Executive Office for Immigration Review and the Office of Federal Detention Trustee (OFDT)? Please provide a detailed description of how you plan to structure the relationship with the OFDT.

Answer. The benefits of cooperation between law enforcement agencies are clear. To take advantage of existing efficiencies and economies of sale, and to avoid competition for detention space, the Office of Detention and Removal (DRO) pursued a service provider relationship with the Bureau of Prisons (BOP) and the Office of the Detention Trustee (OFDT). The DOJ/BOP/OFDT and DHS/ICE/DRO is developing and negotiating an Interagency Agreement that would allow DOJ to act as service provider for non-Federal detention services. At this time, the nature of support would include: the procurement of detention services; the inclusion of privately operated secure detention facilities and alternatives to detention; the establishment of intergovernmental service agreements with State and local entities for secure detention services; administration of contracts and agreements; management of Justice Prisoner and Alien Transportation Program; and oversight of the detention standards program.

Question. How do you plan to work with the Department of State to coordinate the policies governing the issuance of visas?

Answer. The Department of Homeland Security (DHS) and Department of State (DOS) currently are negotiating a memorandum of understanding (MOU) to implement section 428 of the Homeland Security Act (HLSA), which governs the visa issuance process. The MOU will address how DOS and DHS will issue regulations, policies, procedures, and other guidance that affect the visa process. Both agencies recognize there will be a need to develop standard operating procedures to further elaborate operationally on various aspects of the MOU. DHS and DOS, however, intend to work cooperatively and in a consultative manner to create an effective and efficient visa issuance process.

INTEGRATION OF PHYSICAL ASSETS

Question. Virtually every individual program under your direction has a need and a budget for buying vehicles. What steps are you taking to review these budget items? What plans are there for consolidation of procurement, retrofitting, and maintenance?

Answer. Within the Department we are working on these very issues as we develop our internal processes. We intend to look at requirements and find opportunities for economies and best value in procurements, improvements and maintenance support. In the interim we are seeking best practices and contract opportunities that offer efficiencies across components within the directorate as well as across the department and other partners.

Question. The Border Patrol has helicopters and fixed wing aircraft, while the Customs' Air and Marine Interdiction program transferred to your Directorate has fixed wing aircraft and marine assets. How do you plan to review these programs to see if there are possibilities for merger? Do you have any estimated cost savings that could be seen from the integration of maintenance?

Answer. While the priority will be to maintain the operational effectiveness of the Border Patrol and the BICE Air and Marine Interdiction program's, we will be reviewing the operational effectiveness and efficiency gains envisioned by the President when he submitted the proposal to create the Department of Homeland Security. BTS has already convened a group to look at the aircraft acquisition for BICE and the Coast Guard. As a result of the work group, the Deputy Secretary has di-

rected the Department to establish procedures to ensure economies of scale for major procurements. This practice will be utilized in conjunction with the DHS investment review board.

Question. Do you plan to sit down with the U.S. Coast Guard to see what potential there is in applying best practices to your procurement or maintenance programs? What potential is there in possibly integrating some of the physical assets operated by your Directorate with the Coast Guard?

Answer. BTS has already convened a group to look at the aircraft acquisition for BICE and the Coast Guard. As a result of the work group, the Deputy Secretary has directed the Department to establish procedures to ensure economies of scale for major procurements. This practice will be utilized in conjunction with the DHS investment review board.

Question. Do you plan to review all of the canine programs run by the various components of BTS? Do you have any estimated cost savings that could be seen from the integration of these various canine programs?

Answer. BCBP has established a working group to review all of the canine programs, as well as to identify overlaps in missions. Output from this working group was provided to the Transition Team for the Commissioner's review and comments. The working group is waiting for direction on the final structure of the canine programs; however, the working group is being proactive in developing standards for like functions such as narcotics detection. Work is ongoing to standardize such things as evaluations, certifications, etc. At this time, the efforts would be budget neutral should they be implemented.

NON-HOMELAND SECURITY MISSIONS

Question. What changes did you make in the fiscal year 2004 budget requests for these new entities to reflect the homeland security priorities of the new Department?

Answer. The fiscal year 2004 budget represents an increase of nearly 100 percent from the fiscal year 2002 enacted level for the new entities. Compared to fiscal year 2002, the Bureau of Customs and Border Protection request represents an increase of 33 percent, the Bureau of Immigration and Customs Enforcement nearly 16 percent, and the Office of Domestic Preparedness request is 12 times greater than fiscal year 2002.

Question. In deciding fiscal year 2004 budget allocations, did you change any of the allocations for non-homeland security missions and capabilities from the amounts appropriated in fiscal year 2003? If yes, what were those changes?

Answer. The fiscal year 2004 budget requests allocations for non-homeland security missions and capabilities were made consistent with the fiscal year 2003 request and prepared in advance of the fiscal year 2003 appropriations.

Question. How do any changes in these fiscal year 2004 allocations represent compliance with the Homeland Security Act direction?

Answer. The Department's primary mission is the protection of the American people. The fiscal year 2004 request focuses on consolidating border and transportation security functions, merging response activities, creating a central point to map terrorist threats against vulnerabilities in our critical infrastructure. The Department also ensures that non-homeland security missions and capabilities are not diminished.

INFORMATION TECHNOLOGY INVESTMENTS AND INTEGRATION

Question. The fiscal year 2004 budget for BCBP requests $30.2 million for an Information Technology Transformation to Homeland Security Fund, and has a separate request for $22.3 million for an Information Technology Infrastructure program called ATLAS. In the Bureau of Immigration and Customs Enforcement (BICE) budget request there is an additional $17.7 million for ATLAS. Are these separate program needs? If not, please explain in detail what each of there initiatives will accomplish and how they will be coordinated across the two bureaus. How do these two initiatives fit in with the request for $5.7 million for the International Trade Data System? How do they relate to the ongoing Automated Commercial Environment (ACE) project.

Answer. The Information Technology Transformation to Homeland Security Fund creates a fund to address Information Technology (IT) compatibility and interoperability issues that will arise during the transition to the Department of Homeland Security, including, but not limited to: mission systems, electronic mail, networks, collaborative tools, and administrative capabilities. In addition, the transition creates an opportunity for broader sharing of border security and enforcement-related IT capabilities. This fund will be used to extend the enterprise architecture to pro-

vide expanded access to IT capabilities in support of the Homeland Security mission. This initiative is separate from the ATLAS request.

The request for funding for the International Trade Data System (ITDS) will support the development of a Government-wide system that will provide the trade community with a single interface to file international trade data with the Government. The ITDS initiative is an e-Government strategy that will implement an integrated, government-wide system for the electronic collection, use, and dissemination of the international trade transaction data required by the various trade related Federal agencies. Development of ITDS functionality will be coordinated with the Automated Commercial Environment (ACE) and the overall modernization effort, and will impact both border security and trade compliance within multiple Federal departments, agencies, and areas within the participating government agencies.

ATLAS funding will allow the upgrade of legacy INS infrastructure to be compatible with existing Customs and Border Protection infrastructure, thus establishing a basis for interoperability.

All information technology investments are reviewed for compliance with our enterprise architecture framework to ensure technical compatibility and alignment with business goals.

Question. How do you plan to coordinate and integrate all of the information technology initiatives and legacy systems, like ACE?

Answer. BCBP is sponsoring an interagency integration team with ICE, BCBP and APHIS to address the myriad of integration issues, and is also working with DHS on information technology investments and architecture to ensure alignment within the Department of Homeland Security.

Question. What steps will you take to avoid the merger and integration problems that have been experienced by so many other agencies before you? Have you consulted with other agencies such as DOD, IRS, and the FBI for "lessons learned" from their unhappy experiences?

Answer. The BCBPs experience with the ACE initiative has provided an effective model for the planning and management of large scale information technology management systems. This model, the interagency integration teams mentioned above, and the established BCBP enterprise architecture will guide this process. The ACE business plan is based on lessons learned by the DOD, IRS, and FBI among others.

PERSONNEL IMPACTS

Question. When will you have an estimate of potential job dislocations and job losses for your Directorate, and when will you inform the workers affected and the Congress?

Answer. Program Managers within the Border and Transportation Security Directorate are currently reviewing the merged organizations to determine where consolidation of resources is appropriate. Competitive service employees within the Directorate will receive appropriate notification, as stated in the Reduction-In-Force regulations of Title 5, if and when a decision is made to close a facility or transfer a function to a new geographic location. We will ensure that Congress is notified in a timely fashion as soon as any decisions are made concerning worker dislocation.

Question. What specific criteria are you establishing to determine who will be dislocated and who will lose their jobs, and will you provide affected employees a fair process in which they can appeal these decisions and the application of these criteria?

Answer. Competitive service employees retain full rights under the Reduction-In-Force regulations in Title 5, to include appeal rights to the Merit Systems Protection Board. Any decision regarding which employees will be impacted will be based on the criteria as set out in these regulations to include creditable service, performance, and veterans' preference.

Question. Secretary Ridge in his testimony last week mentioned that working groups have been created to allow current employees the opportunity to participate in the creation of the new system. How specifically is this working with your Directorate?

Answer. The DHS Human Resources System design team has representatives from employee groups from throughout the Border and Transportation Security Directorate. Employees and managers will also have an opportunity to participate at town hall meetings and focus groups that will be conducted in the field over the next 2 months.

Question. At this point, what changes do you envision for your employees in terms of performance evaluations, compensation, and collective bargaining arrangements?

Answer. The DHS Human Resources design team is currently reviewing a variety of alternatives in all of these functional areas, and will be creating a set of options

to be reviewed by a Senior Review Committee. Ultimately, the Secretary and the Director of the Office of Personnel Management will determine the final set of options that compose the new HR System.

Question. A central issue in the rank and file of the Inspections officers will be the reconciliation of the highly disparate pay and benefit systems with which they are compensated. How will you approach the resolution of these pay and benefit issues? Do you anticipate proposing a legislative package addressing pay reform? When will that proposal be sent forward?

Answer. The DHS Human Resources Design team has been fully briefed on the disparities in pay and benefits for employees across DHS and specifically in the Inspector occupation. This team will be providing options (which may include recommendations for new legislation) to address these disparities to a Senior Review Committee (SRC) later this summer. The SRC will then review the options and make recommendations to the Secretary and the Director, OPM, who will make the final determination on which options will be implemented.

MERGING AGENCY REGIONAL STRUCTURES

Question. What specific objectives have been established for creating a new regional structure for your Directorate, and what specific issues are being considered in developing this plan? Do you anticipate that each of your major sub-components, BCBP, BICE, and TSA, will maintain separate regional structures?

Answer. The overarching objective is to fulfill the DHS mission in support of the National Strategy for Homeland Security; to provide for unity of purpose among agencies. True integration of mission and department-wide effectiveness would be jeopardized with significantly different regional structures among DHS agencies.

Question. Which of the agencies transferring to your Directorate would you expect to be most affected by the regional restructuring plan? APHIS? Customs? INS? TSA?

Answer. We are in the data gathering and baseline analysis process, and the regional structure has not been developed. Impacts to various Departmental components cannot be estimated yet.

Question. Which is a more important objective for the plan—to save money or to increase operational effectiveness? How do you intend to make trade-offs between operational effectiveness and cost savings?

Answer. Increased operational effectiveness is not incompatible with cost effectiveness. It will be important for the Department to develop a regional concept that optimizes key factors including cost while maintaining the highest level of operational effectiveness.

Question. What specific criteria are you using to evaluate the pros and cons of the changes being considered, and which of these criteria do you consider most important and less important?

Answer. DHS is evaluating the best way in which to merge the field operations of twenty-two legacy agencies, represented by nine different regional alignments. To accomplish this, the DHS directorates, including BTS, are working to: (1) develop a baseline understanding of the current regional structures in the component organizations; (2) develop the options for a regional concept to ensure day-to-day operations and incident responses are well coordinated and planned.

Question. Do you have any preliminary estimates of the costs to implement the changes you are contemplating, and of the savings that might be made? When can we expect the costs to occur and the savings to be realized?

Answer. No. The baseline analysis currently underway will provide a better sense of the magnitude of the effort required to harmonize the regional structures of the legacy agencies.

Question. How long would you expect it to take to fully implement the plan should Congress approve it?

Answer. We won't know until the baseline analysis is complete.

Question. What specific progress are you making in developing the plan?

Answer. BTS is working with other DHS components to analyze various data and develop a baseline understanding of the relevant issues associated with the creation of a new Department-wide regional structure. An initial round of data collection has been completed and been passed to DHS staff for analysis.

Question. What schedule has been established to complete the restructuring plan and to inform Congress and the affected employees about your recommended course of action? Are you ahead, behind, or on that schedule?

Answer. We intend to create an implementation plan upon completing the baseline analysis.

Question. Please provide for the record the Statement of Objectives, Terms of Reference, Fiscal Guidance, Operational Assumptions, and mandated schedule that have been issued to guide the development of this plan.

Answer. These elements could be developed as part of an implementation plan, which would follow completion of the baseline analysis. The overarching objective is to fulfill the DHS mission in support of the National Strategy for Homeland Security; to provide for unity of purpose among agencies. True integration of mission and department-wide effectiveness would be jeopardized with significantly different regional structures among DHS agencies.

BORDER PATROL

Question. Now that the Border Patrol is part of your Directorate, do you intend to keep the National Border Patrol Strategy that the former Immigration and Naturalization Service has attempted to implement over the past 9 years?

Answer. The Border Patrol's national strategic plan was written in 1994 with the focus of implementation in the areas with the highest level of illegal immigration. The plan is achieved with the "forward deployment" and proper balance of agents, equipment, technology, and border infrastructure (cameras, sensors, roads, lights, fences or other border barriers).

Areas of operations that have become the focus of this plan have proved this to be an effective enforcement action. Participating sectors have seen a prolific change since the inception of their corresponding operations.

—El Paso—Hold the Line (arrests down, crime reduced)

—San Diego—Gatekeeper (29 year record low in apprehensions, crime reduced)

—McAllen—Rio Grande (crime and arrests reduced)

Changes have occurred since the strategy's implementation, most notably following the September 11, 2001, attack on the United States The strategy's Phase IV implementation was accelerated to respond to the potential threats on the northern border. The upgrades and application of technology for border deterrence and enforcement has also improved.

Continuation of the proven and successful National Border Patrol Strategic Plan is warranted in order to respond to emerging threats and changes in the past trends of illegal border entries.

Question. What changes might you consider making to the strategy to increase its effectiveness and reduce migrant deaths?

Answer. Due to concentrated border enforcement efforts, organized smugglers have shifted their techniques and areas of operation from traditional unlawful entry points near the ports of entry to extremely remote and dangerous areas. The intense summer temperatures and arduous terrain associated with these areas account for the majority of documented deaths. BCBP has been increasing efforts to identify and prosecute smugglers who choose more dangerous methods and routes to smuggle unsuspecting aliens. Yearly enhancements allow for BCBP to apply resources where the deaths occur to effectively deter and disrupt illegal border traffic. BCBP is also expanding its Border Safety Initiative, which incorporates a multi-pronged approach to making the border a safer environment. BCBP is increasing the number of qualified medical/rescue agents and is cooperating with Mexican counterparts at an unprecedented level. For example, a meeting of field representatives has just concluded, which produced a collaborative strategic plan for reducing deaths on both sides of the international border. As the strategy evolves other initiatives will be developed and supported. BCBP leadership is convinced that when the proper balance of personnel, equipment, technology, and tactical infrastructure exists, the illegal crossings will decline, bringing a commensurate decline in deaths and injury.

Question. Given the level of additional resources that have been put into the Northern Border will you be revising that portion of the strategy?

Answer. Since its implementation in 1994, the Border Patrol's National Strategic Plan has been the basis for a multi-year, multi-phased approach for the deployment of additional personnel and resources, for the purpose of increasing control of our Nation's borders. The cornerstone of this strategy calls for "prevention through deterrence" as the means to restrict illegal entry attempts into the United States. Along the southwest border, the strategy has concentrated Border Patrol resources into those specific geographic areas experiencing the highest level of illegal activity. The key to the successful implementation of this strategy has been the deployment of the proper balance of personnel, equipment, technology and infrastructure into those areas.

As originally written, the final phase of the National Strategic Plan calls for enhancing our enforcement posture along the northern border and coastal areas of the United States. Securing the northern border has traditionally presented many

unique enforcement challenges for the Border Patrol. Our shared border with Canada is approximately 4,000 miles long and is the longest non-militarized undefended border in the world. In the past, this vast expanse, coupled with an inadequate number of personnel and a lack of resources and infrastructure, has significantly limited the Border Patrol's deterrent effect upon illegal activity. In the wake of September 11, 2001, vulnerabilities and deficiencies along the northern border have received increased attention, which has caused the Border Patrol to accelerate its efforts in increasing our enforcement presence along the northern border.

The current Northern Border Strategy encompasses interagency and international cooperation and coordination, effective technology development and deployment, and innovative resource allocation. The geographic and environmental conditions found on the northern border have led to the historic economic and cultural interdependence of the United States and Canada. In light of the long-standing cooperation and economic interdependency, the Border Patrol has conducted activities along the northern border with significantly fewer resources than were dedicated to the southwest border. For these reasons, the Border Patrol cannot simply replicate the same enforcement strategy implemented on the southwest border.

The Northern Border Strategy relies upon maximizing existing resources in order to strengthen control of the border. The Northern Border Strategy also requires the proper balance of personnel, equipment, technology and infrastructure. To improve our effectiveness, the initial area of emphasis is the expansion of liaison and increased intelligence sharing with other Federal, State and local law enforcement agencies, as well as our counterparts within the Canadian government. The second emphasis is on the deployment of enforcement related technology along the border to act as a force multiplier, thereby increasing the area that can be adequately covered by available manpower. The final emphasis of the strategy calls for the deployment of additional personnel into our northern border sectors. As mentioned, subsequent to September 11, 2001, the Border Patrol accelerated into this phase by redeploying agents from the southwest border to the northern border.

U.S. VISITOR AND IMMIGRANT STATUS INDICATOR TECHNOLOGY (U.S. VISIT)

Question. BICE had been taking the lead on this project. Where will the responsibility for implementing the U.S. VISIT system lie?

Answer. The Border and Transportation Security Directorate (BTS) is establishing a program office to oversee the project for which funds are requested under BCBP in fiscal year 2004.

Question. In his testimony last week, Secretary Ridge said the entire project is under review. When will this review by complete? Who is conducting this review?

Answer. The preliminary review was provided to the Secretary on May 16, with an internal review completed by May 30. The U.S. VISIT Office, in conjunction with the BTS and other Department stakholders, is conducting the review.

Question. In your budget request the funds for this system were requested under BCBP. Is this appropriate place for those funds?

Answer. The Secretary delegated the implementation of the U.S. VISIT program to the Under Secretary of BTS. The U.S. VISIT program will ensure that funds appropriated for this system will be spent in accordance with the Spending Plans which are required under the fiscal year 2003 Omnibus Appropriations Act and Emergency War Supplemental Act.

Question. What is the Department's acquisition strategy for the U.S. VISIT system? Does the strategy include the development of a prototype? Will the final solution include the selection of a single prototype or selected aspects of multiple prototypes?

Answer. The acquisition strategy will not be finalized until the Spending Plan has been reviewed and approved by the Secretary of DHS.

Question. A recent report by the Justice and State Departments and the National Institute of Standards stated that implementation of the entry/exit system at land borders was at least 1 year behind schedule. What is your current timeline for fielding the U.S. VISIT system at land border ports of entry?

Answer. The entry/exit system, now known as the U.S. VISIT Program, is expected to be delivered on schedule as required by the Data Management Improvement Act. The law requires that travel documents contain biometric identifiers not later than October 26, 2004. The DOS requested an extension of this requirement. This does not affect the implementation of the U.S. VISIT program at the land borders.

Question. What is your Department's position on the Justice and State Department reports?

Answer. The report stated that the Department of State will require an additional year to implement changes to their processes and systems. There is a conflict in the report between implementing the U.S. VISIT program and the requirement for biometric identifiers in travel documents.

Question. The entry/exit system will likely require substantial increases in staff and infrastructure modifications at 150-some land ports, particularly for the departure component. What assessments has the Directorate performed to determine the extent of additional staff needed?

Answer. Workforce analysis and workforce staffing issues have been identified as part of the U.S. VISIT 45-day Spending Plan.

Question. What assessments has the Directorate performed to determine the physical infrastructure changes that might be needed and their associated costs?

Answer. Estimated physical infrastructure, environmental, and construction costs have also been identified as part of the 45-day Spending Plan. The scope and unique nature of this program required extensive assessments of the physical infrastructure. A facilities project team has been dedicated to the program on a full time basis, since March 2002. The facilities team is an integral part of the U.S. VISIT Program. The U.S. VISIT Program facilities team partnered with the General Services Administration (GSA) in early April 2002 to prepare the foundation for facilities and infrastructure improvements related to the U.S. VISIT Program. The facility team is charged with the development and implementation of facilities and infrastructure in accordance with the program objectives and requirements. Direction and guidance to the facilities program team is provided by a Steering Committee staffed by Senior Executives from BICE, BCBP, and the General Services Administration.

The work to date has included:

—Collected basic facilities planning data in a Geographic Information System data base for all 165 Land Ports of Entry, including
  —environmental data from State and Federal resource agencies
  —high-resolution aerial photography of all Land Ports of Entry (POE)
  —operational data for all Land Ports of Entry
  —documentation on real estate ownership
—Modeled traffic flows for the 50 largest Land Ports of Entry
—Developed proto-type designs for the 60 small Land Ports of Entry
—Completed Feasibility Studies for the 51 small Land Ports of Entry
—Completed environmental baseline studies for each Land Ports of Entry
—Initiated a Strategic Environmental Appraisal for each Land Ports of Entry

STUDENT AND EXCHANGE VISITOR INFORMATION SYSTEM (SEVIS)

Question. Has that transition of authority from BCIS to your Directorate taken place? Who within the BICE will have formal responsibility for carrying out this program?

Answer. Yes, authority for the Student Exchange Visitor Program (SEVP) has transitioned to BICE. The Director of SEVP will have responsibility for carrying out the program.

Question. In March of 2003, the Department of Justice, Office of Inspector General (OIG) issued a report on SEVIS questioning whether the program has been fully implemented. What steps are you taking to remedy the problems in school certification that were found by the OIG?

Answer. The Bureau is in the process of reviewing the issues raised in the OIG report and is preparing a response. We will make available our response to you as soon as it is completed and delivered to the OIG. We expect to have that reply completed by the end of May 2003.

Question. Under the current timeline, the SEVIS system will not have complete information entered into it on every foreign student in the United States until August of 2003. This is 2 years after the events of September 11—some of those terrorists were on student visas—and 20 months after receiving full funding for the system. The Congressional mandate was to have the system completed by January 2003. Why is this taking so long? And what is being done to track these students in the meantime?

Answer. The DHS worked hard to meet the aggressive deadline for SEVIS implementation (January 2003) set forth in the USA PATRIOT Act. On July 1, 2002, 6 months before the deadline, the SEVIS was initially deployed to begin preliminary enrollment of accredited schools on a volunteer basis. Also in July 2002, the core foreign student program functionality was made operational and schools began to utilize SEVIS. By January 1, 2003, the all facets of the SEVIS system, including exchange program and exchange visitor functionality, and all system interfaces were

deployed. By regulation, all schools and exchange programs, certified to admit foreign students or exchange visitors, were required to utilize SEVIS for all new students as of February 15, 2003. All continuing foreign students must be entered into SEVIS no later than August 1, 2003. The primary reason for a phased approach to collecting information on foreign students (e.g., entering students followed by continuing students) was to ensure program integrity. The schools needed adequate time to review and convert the considerable data on their continuing students to SEVIS.

This multi-phase approach was described in proposed regulations published in May 2002 and highlighted in testimony before the U.S. House of Representatives, Committee on the Judiciary, Subcommittee on Immigration, Border Security, and Claims (September 18, 2002) as well as before the U.S. House of Representatives, Committee on Education, Workforce Subcommittees on Select Education and 21st Century Competitiveness (September 24, 2002). Finally, the multi-phase approach was codified in DHS final regulations in December 2002.

Until August 1, 2003, foreign students already in the United States continue to be monitored under the paper-based processes of former INS information systems. Schools are still required to maintain records and report updated information on these continuing students and are required to report violations of status to the DHS.

Question. What steps have you taken to tighten the oversight and training of contractors who are out there actually doing the on-site reviews of schools? What steps are being taken to improve the training being provided to adjudicators and inspectors?

Answer.

Training of Contractors.—The primary role of contractors conducting the on-site review of schools is to gather information pursuant to a standardized questionnaire developed by BICE. Once the information is collected, it is forwarded to BICE adjudicators where it is incorporated with other information and used in the decision-making process with respect to a school's certification or denial to SEVIS.

BICE has actively managed the on-site contractors. Initially three firms were employed by BICE for on-site reviews. Due to poor performance, one of the three firms was removed. The two remaining firms have demonstrated sufficient capacity to complete the on-site reviews without delay. Adjudicators have been instructed to bring deficient reports to the attention of the Contacting Officer's Technical Representative (COTR) so that these issues may be addressed with the relevant contractor. The COTR meets and communicates regularly with managers from the two contractors to discuss deficiencies as well as best practices. When fully staffed, BICE will use its compliance officers to perform many of the functions currently performed by the contractors.

Training of Adjudicators.—Officers assigned to adjudicate I–17 school certifications were provided with two separate group-training sessions in June and August of 2002. Since that time, we prepared and disseminated a comprehensive update to the Adjudicators Field Manual (the core guidance to adjudications officers of all benefit applications) that covers all adjudicative aspects of the foreign student regulations. Additionally, Headquarters has been conducting weekly regional conference calls with all officers adjudicating I–17s to keep them current on the status of on-site reviews and to answer any general questions regarding the adjudication of cases or to address the specifics of an actual case. Finally, Headquarters provides one-on-one training for officers newly assigned to this duty, on an as needed basis.

Training of Inspectors.—In January 2003, the BCBP inspections branch trained more than 300 inspectors at over 100 ports-of-entry via a web-based, interactive teleconference system. A copy of the training materials was provided to each port for follow-up training, conducted locally. The BCBP inspections branch continues to update its SEVIS related training.

Question. An important purpose of the SEVIS system is to allow for the tracking down of those students who have fraudulently entered this country with no intent to abide by their visa status. Have procedures been set up to identify and refer potential fraud for enforcement action?

Answer. Yes, procedures have been set up to identify and refer potential fraud for enforcement action. Leads are received from schools, from a variety of sources including the SEVIS system. The leads are entered into a database and record checks are conducted by the Law Enforcement Support Center against a number of databases including the Foreign Terrorist Tracking Task Force databases and the Nonimmigrant Information System.

When it is determined that a student or exchange visitor entered the United States, failed to comply with his or her status and then failed to depart, the lead is then deemed to be a viable lead which is referred for enforcement action. All viable leads are entered into immigration lookout databases. The leads are then

prioritized based on national security concerns and, if appropriate, assigned to field offices for further investigation.

With regard to the enforcement of SEVIS, approximately 3,000 leads have been received from schools since December 2002, resulting in over 1,000 viable leads. All of these viable leads have been entered into automated lookout systems and 206 of these leads have been assigned to field offices based upon national security considerations. To date, 21 arrests have taken place and 2 violators were denied entry into the United States. 84 cases are still pending in the field and the remaining cases were resolved without arrests.

INTEGRATED INVESTIGATION STRATEGY

Question. The new Bureau of Immigration and Customs Enforcement BICE brings together the investigation arms of the Customs Service, the investigative functions of the former Immigration and Naturalization Service, and the Federal Protective Service. This unification of investigative functions is intended to enhance information sharing between Federal bureaus and provide for more cohesive enforcement of immigration and customs laws within the interior of the United States in addition to protecting Federal institutions and interests. Can you describe in more detail the nature of the Bureau's functions and how you plan to delegate specific roles and responsibilities within the Bureau?

Answer. The Bureau's functions will fully integrate the previous investigative responsibilities held by the Special Agents of the Customs Service and the Immigration and Naturalization Service. The investigative components of BICE will enforce the full range of immigration and customs laws of the United States. By unifying the previously separate investigative functions, the new Bureau will enhance information sharing with Federal, State and local law enforcement and develop stronger relationships with the U.S. Attorneys' Office.

The American public will only be able to identify a former Customs or INS agent as a BICE agent. To this end, all agents will receive training in the disciplines of their new counterparts to facilitate a cohesive effort in furtherance of the investigative mission of BICE.

BICE will accomplish its mission through effective leadership, cooperation and coordination with internal components, law enforcement, other governmental agencies and through the development of information technology and appropriate sharing and use of intelligence information to assess threats and prioritize targets. BICE will further develop and enhance partnerships with international, Federal, State, and local entities to help identify, prosecute, and/or dismantle criminal organizations and to locate, apprehend, prosecute, and/or remove individuals who threaten the peace and stability of the nation. The IIP will focus its resources on the issues and threats identified as most severe and will systematically identify and prioritize those activities and apply all available laws and tools to counter those threats.

Question. When do you anticipate putting together an integrated investigations strategy that will blend the customs and immigration responsibilities of BICE and sharing it with the Committee?

Answer. The challenges of the 21st century and the aftermath of the September 11, 2001 attacks demand an integrated investigations strategy that provides a highly organized global approach with regard to the customs and immigration enforcement responsibilities. The unique authorities possessed by BICE special agents will allow them to play an integral role in defending the United States and securing its borders.

BICE is currently endeavoring to implement an integrated investigations strategy, which should be completed in the near future. Putting together an integrated investigations strategy means the recognition that BICE must partner with other law enforcement and intelligence agencies to protect and defend the United States. It will seek strong functional liaisons, and will formulate an aggressive, integrated investigations strategy and infrastructure with its partners. However, the process of integration takes time—not only to integrate several program specific investigations strategies—but also to ensure the compatibility with interdependent systemic infrastructures including information technology, human and budgetary resource options. For example, a new chain of command (integrating the two agencies) will be established, agents will be cross-trained in the disciplines of their counterparts at Customs or INS, differences in operational policies will be reconciled, and joint facilities may need to be secured. Currently, under the direction of the Assistant Secretary, we are ensuring steady progress toward addressing these issues, including the process of assembling an integrated, efficient and effective investigations strategy. The Bureau looks forward to the opportunity to share these developments with the Committee, as they occur.

Question. BICE has responsibility for investigating everything from intellectual property to smuggling of contraband. How do you plan to ensure that non-homeland security investigations are maintained at the same level?

Answer. Because law enforcement investigative priorities must concurrently evolve with the trends in criminal activity, each year BICE will review its investigative priorities and establish a comprehensive investigative strategy.

BICE will continue to collaborate with other law enforcement agencies to identify, prioritize, and pursue threats to the homeland. In addition, BICE will continue constant coordination with the intelligence community and with private, public, State, local, and Federal law enforcement agencies. This coordination will be a key component of achieving the strategic approach to the full range of investigations for which BICE is responsible.

Question. There are approximately 355,000 individuals who have been issued final deportation orders that have just walked away, absconded. The fiscal year 2003 Consolidated Appropriations Resolution included $10 million for increased investigative staff to pursue absconders. What is the status of bringing on these new investigators? How do you plan to tackle the absconder situation?

Answer. BICE is planning to dedicate the $10 million in new funds to locating, apprehending and deporting criminal alien fugitives in fiscal year 2003. These new funds will be used to acquire equipment as well as hire and train 69 new officers solely devoted to the initiative to locate, apprehend and remove absconders. Eight new fugitive operations teams will be deployed in key strategic locations; Georgia/North Carolina, the Maryland/Washington DC/Virginia corridor, Massachusetts/New England, Mid-Atlantic, Illinois/Midwest, Central Texas, Pacific Northwest, and supplements to the existing Los Angeles team. Some of the positions will also be used to establish permanent staff at the Law Enforcement Support Center to aid in the entry of alien records into the National Crime Information Center (NCIC) which is used as a force multiplier.

The $10 million supplements the $3 million from the counter-terrorism supplemental the former INS received from the Patriot Act in fiscal year 2002. That $3 million was used to hire 40 new officers, deployed as 8 teams in 7 cities, devoted solely to fugitive operations. The locations included New York City (2 teams), Detroit, Miami, Newark, Chicago, Los Angeles and San Francisco.

In order to provide a solid foundation to these teams, BICE has developed a new specialized training course for the members of the fugitive operations teams. The first class will begin training in July 2003.

Tackling the absconder problem will require an integrated system to arrest and remove current absconders in conjunction with programs designed to reduce the future absconder population. One element of this system will be the creation of new multi-agency task forces to focus on the problem of absconders. BICE has reached out to other Federal agencies, such as the U.S. Marshals, IRS, Social Security Administration and the Department of Labor as well as State and local law enforcement agencies, to expand the enforcement net and ensure that every tool available is utilized to find these aliens. Another key element of the system includes greater use of intensive supervision to ensure aliens show up for proceedings and removals, thus reducing the growth of absconders.

AIR AND MARINE INTERDICTION

Question. What is the status of the modernization review of all air and marine assets?

Answer. With respect to Air and Marine Interdiction assets, BICE has completed a review of all air and marine assets and expects to complete a revised modernization plan in late July 2003. We estimate delivering the plan to Congress in August 2003.

The Border Patrol developed a replacement/enhancement plan for their air and marine assets in fiscal year 2000. The acquisition of new assets is based upon availability of funds for each fiscal year. Additional new aircraft and marine vessels acquisitions are planned for in fiscal year 2003.

Question. Currently the base budget for Air and Marine Interdiction is spilt between BCBP and BICE, with the operations and maintenance budget in BCBP and a portion of the salaries and expenses of the personnel in BICE. What is the appropriate placement of this important program? Please provide the rationale for that decision.

Answer. The Air and Marine Interdiction budget was deliberately placed in BICE. Some of the reasons for this decision are:

Air and Marine staff and capital assets are deployed primarily for interdiction. The principal goals of interdiction are to enhance the BICE investigative process to

prevent terrorist activity and to further investigations of major smuggling operations whether they be drug, alien, or terrorist in nature.

As a key part of the BICE integration of the immigration and customs enforcement mission with other Federal agencies, OAMI will support investigative processes at Coast Guard, Secret Service, Emergency Management, TSA, and FPS. OAMI will support investigative processes at non-DHS agencies from DEA to FBI.

The use of OAMI mission and assets must be closely connected to the BICE intelligence mission and operations to be effective. It is this connection that ensures that the limited air and marine assets are effectively deployed to specific targets over a vast sea or border resulting in maximum deterrence capability. BICE intelligence based operations must be the lynchpin of OAMI strategy.

Operationally, OAMI is more identified with investigations than inspections or surveillance activity. OAMI has historically reported through the investigations division of Customs. In fiscal year 2002, approximately 60 percent of OAMI flight hours supported customs enforcement. With the integration of customs and immigration enforcement, we estimate that more than 80 percent of OAMI operational flight hours will directly support BICE investigations, foreign operations, border and maritime patrols. The remaining 20 percent will support transportation of people and assets, as well as training and maintenance, and other customers for support flights.

Based upon the above factors, placement of OAMI within BICE accomplishes the objectives of intelligence-based operations; more effective support of DHS and interagency law enforcement missions; and furtherance of investigations of terrorists and other crime syndicates. Air and Marine support of border protection functions will continue under this placement and will be formalized in an upcoming management directive. The proper placement of all our programs remains subject to periodic review.

Question. Please provide the fiscal year 2004 positions, FTE, and dollars for the following: operations and maintenance, to include the proper level of adjustments to base; salaries and expenses to, include the appropriate level of administrative overhead from the legacy appropriation and adjustments to base.

Answer. In order to fund the authorized strength of 1,105 FTE, the legacy appropriation with adjustments to base includes $112 million for salaries and expenses in the fiscal year 2004 budget request. An additional $175.05 million is included in the fiscal year 2004 budget request for legacy operations and maintenance with adjustments to base. Appropriate levels of administrative overhead are pending the completion of administrative support and structures between BCBP and BICE.

FEDERAL LAW ENFORCEMENT TRAINING CENTER

Question. How do you plan to balance the training needs of the Border and Transportation Directorate with the training needs of other Departments?

Answer. The Federal Law Enforcement Training Center (FLETC) conducts training and provides training support services for 75 partner organizations from across all three branches of Federal Government. FLETC also provides training for international, State and local law enforcement agencies on a selective basis. In the President's fiscal year 2004 request, FLETC was projected to train 45,208 students for a total of 183,202 student weeks of training at Glynco, Georgia, Artesia, New Mexico and Charleston, South Carolina. In early fiscal year 2004, a fourth site in Cheltenham, Maryland, is anticipated to be fully operational for requalification training in the Washington, DC metropolitan area. Currently, training statistics for Cheltenham are in the developmental stage and are not part of the President's budget request. Of the projected student weeks of training, 65 percent will come from the nine law enforcement agencies transferred to the Department of Homeland Security.

The fiscal year 2003 projections are unprecedented for FLETC. To meet the training needs, FLETC will continue a 6-day workweek, which was started in January 2002, at its largest site in Glynco. Further, FLETC has a priority training system, which ensures that all mandated entry level law enforcement training is given first scheduling priority. The FLETC has received updated projections for fiscal year 2004. The new training projections have increased significantly and FLETC is currently evaluating the impact of the increased requests for training. If these requests are substantiated the FLETC will have to explore other options, including extended work days, realignment of training among sites under FLETC's scheduling control, and the use of other available Federal, State and local training resources on a periodic basis.

OFFICE FOR DOMESTIC PREPAREDNESS

Question. How does the Administration propose to allocate the $500 million requested for firefighters and the $500 million proposed for law enforcement? For ex-

ample, do you intend to retain the current grant programs now being managed by the Emergency Preparedness and Response Directorate (formerly FEMA) which provide emergency management performance grants to states or grants directly to fire departments through the Assistance to Firefighters Grant program?

Answer. There are two separate allocations of $500 million in the fiscal year 2004 request. One $500 million allocation will be for the traditional Fire Act program being transferred from FEMA. Since its inception, DHS's Office for Domestic Preparedness has enjoyed a strong relationship with the nation's fire service. The planned transfer of the Fire Act program to ODP will not change the manner in which the program is administered nor is it an attempt to merge the program with ODP's formula grant program. The program will continue to be managed consistent with the statutory requirements as a direct, competitive grant program to address the health and safety of firefighters.

The other $500 million allocation request for State and local law enforcement for terrorism preparedness and prevention activities which include: training and equipment for WMD events, support for information sharing systems, training of intelligence analysts, development and support of terrorism early warning methods, target hardening and surveillance equipment, and opposition force exercises.

Question. There was controversy during consideration of the Homeland Security Act as to whether the Department's Border and Transportation Security Directorate or its Emergency Preparedness and Response Directorate should properly manage and oversee the first responders program. Do you believe that the Office for Domestic Preparedness is properly placed under the Department's Border and Transportation Security Directorate?

Answer. I support moving ODP to the Office of State and Local Coordination. With ODP's ever-expanding responsibilities and broadening scope, I think it is important for the agency providing funding to States and locals to reside within the office assigned in acting as liaison to those very States and locals. Therefore, the proposition of moving ODP from BTS to the Office of State and Local Coordination will be a means to several ends. Moving ODP will enhance the Office of State and Local Coordination because of ODP's long standing relationships with State and local public safety agencies and responders. Perhaps most importantly, a move will give DHS a "one-stop-shop" for all first responder funding within the Department.

Question. No additional funding is requested for fiscal year 2004 for critical infrastructure protection grants (funded in the fiscal year 2003 Emergency Wartime Supplemental Appropriations Act) or for high-threat urban areas (funded in the fiscal year 2003 Consolidated Appropriations Act and the fiscal year 2003 Emergency Wartime Supplemental Appropriations Act). Do you foresee a need to continue funding for either of these grant programs in fiscal year 2004?

Answer. The $200 million appropriated in the 2003 Emergency Wartime Supplemental Appropriations Act was for reimbursement of states for expenses incurred protecting critical infrastructure during Operation Liberty Shield.

Urban Area Security Initiative (UASI) was developed and implemented after the fiscal year 2004 budget request was developed. We believe the states will find this program an integral part of their strategic planning, and continue to fund it with grant funds ODP allocates to them on an annual basis.

Question. First responders funding has been awarded to states with a pass-through to local governments on the basis that statewide plans are developed to deal with the issues of terrorism preparedness, vulnerability assessments and the like, and that the funds be spent by the States and local governments consistent with this plan. How important do you believe the statewide plans are in assuring the proper expenditure of this assistance at the State and local level?

Answer. The State Homeland Security Strategy is designed to give each state and territory one comprehensive planning document that includes response requirements for a WMD terrorism incident, irrespective of the sources of funding. It is developed based on assessments of threats, vulnerabilities, capabilities at both the State and local jurisdiction levels. It should serve as a blueprint for the coordination and enhancement of efforts to respond to WMD incidents, using Federal, State, local, and private resources within the State. Because of the importance of this information, the grants are awarded based on the submission of this state plan to ensure the state uses the funds according to the needs identified in the strategy.

There have been many concerns from the government as well as first responders in the field regarding the grant funding reaching local jurisdictions in a timely manner. Therefore, the fiscal year 2003 State Homeland Security Grant Program I (SHSGP I) and SHSGP II incorporate a strict timeline to facilitate the release and obligation of this funding.

The SHSGP I application kit was posted online on March 7, 2003. States had to submit their applications to ODP within 45, by April 22, 2003. Applications were

reviewed at ODP within 7 days of submission. Once approved by ODP, grants will be awarded to the States within 21 days. States have 45 days to obligate funds from the time the grant is awarded. As mandated by Congress, 80 percent of the equipment funds must be provided to local units of government. The required bi-annual Categorical Assistance Progress Reports must reflect the progress made on providing funds to the local jurisdictions.

The SHSGP II application kit was posted online on April 30, 2003. States must submit their applications to ODP within 30 days, by May 30, 2003. Applications will be reviewed at ODP within 7 days of submission. Once approved by ODP, grants will be awarded to the States within 21 days. States have 45 days to obligate funds from the time that the grant is awarded. As mandated by Congress, 80 percent of the total amount of the grant to each State must be provided to local units of government. The required bi-annual Categorical Assistance Progress Reports must reflect the progress made on providing funds to the local jurisdictions.

Question. In testifying before the Senate Appropriations Committee on the fiscal year 2003 supplemental request and again before this Subcommittee last week, Secretary Ridge indicated that there may be reason to rethink how we distribute future terrorism preparedness funding, whether the population-based distribution formula historically used by the Office for Domestic Preparedness is appropriate, or whether it should take into account such factors as threat, vulnerability, critical infrastructure needs, and the like. Does the Administration plan to propose a formula change for distributing this funding? What formula change will you be seeking?

Answer. The current formula for the allocation of ODP funds to the States for the fiscal year 2003 State Homeland Security Grant Program (SHSGP) I and SHSGP II was computed on a base, pursuant to the Patriot Act, plus a population formula. Starting in fiscal year 2004, the Department will seek to make changes in how it distributes funding to the States. Each State and territory will continue to receive a base amount, but the balance of funds will utilize a multi-faceted formula, taking into account factors including threat and risk assessments, critical infrastructure of national importance, and population density.

Until the overall formula is changed, each State must take into consideration needs and capabilities when allocating their State funds to local jurisdictions.

Question. What formula was used to award the approximately $100 million in fiscal year 2003 funds for grants to high-threat urban areas announced by the Department on April 8, 2003, for distribution to seven U.S. cities (New York City, N.Y.; Washington, D.C. and the National Capital Region; Los Angeles, CA; Seattle, WA; Chicago IL, San Francisco, CA; and Houston, TX)? Do you expect to use this same formula to award the additional $700 million provided in the fiscal year 2003 Emergency Wartime Supplemental Appropriations Act?

Answer. While the specifics of the formula used to award the approximately $100 million, and subsequent $700 million, for the Urban Areas Security Initiative is classified, it includes a weighted linear combination of current threat estimates, critical assets within the urban area, population and population density, the result of which is used to calculate the proportional allocation of resources.

QUESTIONS SUBMITTED BY SENATOR PETE V. DOMENICI

UNMANNED AERIAL VEHICLES AT THE LAS CRUCES, NEW MEXICO INTERNATIONAL AIRPORT

Question. I was pleased to learn of Secretary Ridge's interest in using unmanned aerial vehicles (UAVs) for improved surveillance along our nation's borders. I strongly support such action to improve our nation's ability to patrol our borders, particularly in less-populated areas.

Southern New Mexico is already the site of ongoing UAV flights out of the Las Cruces International Airport. This airport is the headquarters of New Mexico's emerging UAV Center of Excellence, the newly formed joint regional UAV Systems and Operations Validation Facility (USOVF), a partnership between the 46th Test Group at Holloman Air Force Base and the Physical Science Laboratory of New Mexico State University. The USOVF is pre-approved by the Federal Aviation Administration for file and fly in a regional flight area of 300,000 square miles in the western United States. The Las Cruces International Airport is situated less than 40 miles from the U.S.-Mexico border, and in a central location among U.S. border states.

I understand that Senator Stevens is interested in using UAV's to patrol the maritime border between Alaska and Russia in the Bering Straight. What do you antici-

pate will be the size and scope of the Department of Homeland Security's deployment of UAV's on our borders?

Answer. BTS has asked the Science and Technology Directorate to evaluate the use of UAVs in a Border and Transportation Security environment. S&T was also asked to evaluate other potential applications.

Question. What funding and facilities will the Department need for a UAV program?

Answer. Until the requirements have been scoped to determine the feasibility and extent of a UAV program, we cannot predict what amount of funding and the type of facilities might be appropriate for the Department to implement a UAV program.

Question. On what timeline will the Department implement this initiative?

Answer. At this time, it is unknown what the timeline would be for the Department to implement this type of initiative. A proposed project plan including milestones and deliverables is expected to be ready for review by June 2003. The project plan will discuss the BTS-specific project as well as strategies in developing UAV initiatives in the near, mid, and long term for DHS venues such as borders and ports.

Question. Based upon the characteristics of the Las Cruces, New Mexico International Airport, could you provide an assessment of its potential for utilization by the Department of Homeland Security for serving as a platform for the deployment of UAV's for Homeland Security purposes?

Answer. Based upon the description of the Las Cruces, New Mexico International Airport, the facility appears to have potential for serving as a platform for UAV deployment for Homeland Security purposes. After UAV program feasibility, requirements and scope is determined a more detailed assessment on available testing and deployment facilities would need to be made.

BORDER ISSUES

Question. It has been 17 years since the Federal Government launched a major effort to upgrade U.S. borders and that effort focused only on the Southwest border.

I have just sponsored the Border Infrastructure and Technology Modernization Act (S. 539). The new bill will focus on U.S. borders with Canada as well as Mexico. This bill has the dual goals of facilitating the efficient flow of trade while meeting the challenges of increased security requirements.

This will include:

—More funding for equipment at our land borders
—Additional funding for personnel
—Additional funding for training, and
—Additional funding for industry/business partnership programs along the Mexican and Canadian borders.

It is important for the border enforcement agencies to work with the private sector on both sides of the border and reward those partners who adopt strong internal controls designed to defeat terrorist access to our country.

What are your thoughts on the importance of trade partnership programs along the Southwest border?

Answer. Industry Partnership Programs (IPP) allow the BCBP to expand our influence beyond the borders and into Mexico, Central America, South America and the Caribbean. Under the umbrella of the Customs-Trade Partnership Against Terrorism (C–TPAT), these priority initiatives include the Land Border Carrier Initiative Program (LBCIP), the Business Anti-Smuggling Coalition (BASC) and the Americas Counter Smuggling Initiative Program (ACSI). Each IPP enables the Trade to tighten our borders through the enhancement of supply chain security standards that deter smugglers from using conveyances and cargo to smuggle terrorist devices and narcotics. These complementary programs benefit both BCBP and the private sector by securing the integrity of shipments destined for the United States while promoting the efficient flow of trade.

We are currently working on additional security requirements that take into account the additional terrorist and drug threat on the Southwest border for conversion of the LBCIP carriers to C–TPAT. BASC chapters have been established throughout Ecuador, Colombia, Costa Rica, Mexico, Panamá, Perú, Venezuela and most recently in Jamaica, where a chapter was founded in March 2003. The ACSI Teams continue to support BASC through security site surveys, briefings on smuggling trends and techniques and security and drug awareness training.

The primary purpose of LBCIP is to prevent smugglers of illegal drugs from utilizing commercial conveyances for their commodities. Carriers can effectively deter smugglers by enhancing security measures at their place of business and on the conveyances used to transport cargo. By signing agreements with the BCBP, land and

rail carriers agree to enhance the security of their facilities and the conveyances they use and agree to cooperate closely with BCBP in identifying and reporting suspected smuggling attempts.

BASC is a business-led, BCBP supported alliance created to combat narcotics smuggling via commercial trade that was formed in March 1996. BASC examines the entire process of manufacturing and shipping merchandise from foreign countries to the United States, emphasizing the creation of a more security-conscious environment at foreign manufacturing plants to eliminate, or at least reduce, product vulnerability to narcotics smuggling. BCBP supports BASC through ACSI, which are teams of BCBP officers that travel to the BASC countries to assist businesses and government in developing security programs and initiatives that safeguard legitimate shipments from being used to smuggle narcotics and implements of terrorism.

Question. What plans do you have to increase cooperation with the Mexican government on border issues?

Answer. Under the C–TPAT programs consisting of the Americas Counter Smuggling Initiative (ACSI), and the Business Anti-Smuggling Coalition (BASC), BCBP is engaging the Mexican trade community and Mexican Customs in a cooperative relationship against the smuggling of drugs and implements of terror. Meetings have been held with Mexican Customs through a bilateral U.S.-Mexican Government Working Group. Through this working group, the United States and Mexico can work jointly through these programs to establish a secure supply chain between our countries, while facilitating cross border trade. BCBP is also working with Mexican Customs to identify what areas in Mexico should be targeted for the establishment of new BASC chapters.

Under the high-level United States and Mexico Customs Bilateral Working Group, a demonstration project to test a fast and secure lane at El Paso is underway. This bilateral program is designed to expedite and facilitate commercial truck crossings at the Ports of Entry (POEs) by implementing the mandated requirements of securing the flow of people, transportation, and goods under a secure infrastructure. This program is aimed at facilitating cross border trade, while improving and ensuring the supply chain security of the participants that range from manufacturing, to transportation, to importation.

BCBP has two ACSI teams travelling throughout Mexico to work with the BASC Chapters in Monterrey, Ciudad Juarez and Mexico City to prevent drug smugglers and elements of terrorism from using legitimate cargo to enter their illegal merchandise into the U.S. BASC, which was initiated in March 1996, continues to be a private sector business-led, BCBP supported alliance under C–TPAT that complements and enhances our efforts to secure the supply chain. C–TPAT is an anti-terrorism response to the events of September 11, 2001 which engages the trade community in a cooperative relationship with Customs in the war against terrorism. C–TPAT will work with foreign manufacturers, exporters, carriers, importers and other industry sectors emphasizing a seamless, security conscious environment throughout the entire commercial process.

FEDERAL LAW ENFORCEMENT TRAINING CENTER (FLETC)

Question. Congress created the Federal Law Enforcement Training Center (FLETC) to be the consolidated training center for almost all law enforcement agencies. As the law enforcement training arm of the Department of Homeland Security (DHS) it seems logical that FLETC should develop and conduct standardized training for all Homeland Security law enforcement and inspection personnel.

Such a training approach would ensure that all law enforcement personnel receive appropriate and consistent instruction. This is particularly important as you retrain and cross-train border agencies which have been merged under DHS (e.g. Customs, Immigration, and Agriculture Inspectors).

Congress specifically created the Federal Law Enforcement Training Facility in Artesia, New Mexico to handle the advanced and special training of almost all Federal law enforcement personnel.

In the past, Federal agencies have chosen not to use FLETC facilities for training and instead have contracted with non-Federal institutions. Over the past few years, Congress has provided over $30 million for the FLETC Artesia facility, alone.

When the need for Federal Air Marshal training arose after September 11, FLETC-Artesia answered the call to duty by developing and providing this training in a remarkably short period of time. By way of example, FLETC-Artesia brought in three 727 airplanes for use in training to go along with the 18 firing ranges and 3 shoot-houses.

FLETC-Artesia boasts 683 beds, state-of-the-art classrooms, and a brand new cafeteria to accommodate approximately 700 students a day, yet it has been running at around 320 students during fiscal year 2003.

FLETC-Artesia's close proximity to the Southwestern border, recently constructed facilities and optimal training conditions certainly suggest the center should be highly utilized by DHS.

Question. How do you intend to provide training for the newly hired DHS personnel as continued training for existing DHS personnel in light of the new security challenges facing our country?

Answer. As we enter a new era in law enforcement operations in the United States, the FLETC is a good example of the new government approach intended by the legislation creating the DHS: a means to harmonize the work of many law enforcement agencies through common training, while at the same time maintaining quality and cost efficiency. In fiscal year 2003, 65 percent of the FLETC's projected training workload will come from nine law enforcement agencies transferred to the new Homeland Security department. In fiscal year 2004, this workload will continue to be above 73 percent of our estimated total Federal training workload.

FLETC intends to work closely with all segments of DHS. Placing FLETC within the DHS will help to support the "unity of command" and the coordination and efficiency themes sought in the public law that created DHS. FLETC has a long history of service to many of the DHS components—the U.S. Secret Service, the former Customs and Immigration and Naturalization Services including the U.S. Border Patrol (USBP), the Federal Protective Service, and more recently, the Transportation Security Administration (TSA).

With the start-up of the Bureaus of Customs and Border Protection and Immigration and Customs Enforcement, FLETC is ready to help facilitate, develop, and implement new training and cross training programs. We recognize that much of this effort and expertise will necessarily come from the agencies involved, but there likely will be significant adjustments made over time to all DHS-related training programs, basic and advanced. Already, an effort is underway to systematically review existing training for these new entities and to address whatever capabilities are needed to meld the duties of the participants. In the meantime, training will continue unabated to achieve all of the hiring expectations of our agencies.

Question. How do you intend to use FLETC facilities for training DHS employees?

Answer. The national "war on terrorism" precipitated by the events of September 11, 2000 placed new and increased demands on the nation's Federal law enforcement agencies. Officers and agents immediately began to work extended hours and many have been reassigned geographically and/or to expanded duties. Nearly all Federal law enforcement agencies made plans to increase their cadre of qualified officers and agents, and submitted urgent requests to the FLETC for basic law enforcement training far in excess of the FLETC's normal capacity. These requests were for increased numbers of graduates and for their speedy deployment to buttress the hard-pressed Federal law enforcement effort.

The events of September 11 also increased the need for certain advanced law enforcement training conducted at the FLETC, especially classes associated with such issues as counter-terrorism, weapons of mass destruction, money laundering, etc. Likewise, the need for instructor training classes increased, to strengthen the cadre of instructors qualified to handle the training surge—at the FLETC and within the agencies.

In addressing the unprecedented increase in training requirements, FLETC has conducted capability analyses to determine the set of actions most likely to result in optimum throughput without compromising the qualifications of graduating officers and agents, and maximizing the use of each of its training facilities. With the consultation and concurrence of its partner organizations (POs), FLETC leadership directed that training be conducted on a 6-day training schedule (Monday through Saturday), thus generating a 20 percent increase in throughput capability. More importantly, the 6-day training schedule drives a corresponding compression of the length of each training program, effectively delivering each class of new law enforcement officers to their agencies weeks sooner than under the conventional training schedule. Should the 6-day training schedule be insufficient to meet the demand, an extended work day will be considered.

In addition to the 6-day training schedule, FLETC has expanded its staff with a supplemental cadre of re-employed annuitants (primarily retired Federal law enforcement officers) who are contributing their skills and experience as instructors to help sustain the surge in training operations. This is a 5-year authority provided by Congress in fiscal year 2002.

Further, the Federal Law Enforcement Training Center has been tasked by BTS with establishing a Training Academy Committee to identify and assess the training

capabilities of all of the BTS training academies. This study will be the basis for determining the schedule and priority for training elements of DHS in a coordinated manner.

Question. How should DHS use FLETC Artesia's facilities and specialized training capabilities?

Answer. FLETC intends to utilize its Artesia facility to its maximum potential. I have tasked the Federal Law Enforcement Training Center with establishing a Training Academy Committee to identify and assess the training capabilities of all of the BTS training academies. The Committee will use a two-phase methodology to identify the training assets and to develop a plan for operating the facilities employed by each of the Directorate's bureaus, and will also include the Coast Guard, Secret Service, and the Bureau of Citizenship and Immigration Services. The operational plan will provide the framework for coordinating academy training in all BTS bureaus. The Committee will develop and submit a report at the conclusion of each phase. Once the Committee has identified all of the BTS training capabilities, FLETC can develop a more definitive utilization plan for Artesia and all other sites.

PURCHASE OF THE TOWN OF PLAYAS

Question. Approximately 1 week ago, I sent you a letter suggesting the Department of Homeland Security purchase the town of Playas for the training of state and local first responders.

As you are aware, Playas is a deserted company town in Southern New Mexico that could be used as a real world anti-terrorism training center.

Playas incorporates almost 260 homes, several apartment buildings, a community center, post office and airstrip, a medical clinic, churches and other typical small town structures.

This town would cost the government $3.2 million dollars—a bargain that should not be passed up. While Federal law enforcement has access to modern training facilities at FLETC, state and local first responders do not have access to the same quality of facilities. Playas can meet this vital need in a cost-effective manner.

Currently, New Mexico Tech, a member of Homeland Security's National Domestic Preparedness Consortium, has put together a proposal for the Department of Homeland Security through their Office of Domestic Preparedness to purchase Playas.

Question. What role do you foresee Playas playing in the defense of our homeland?

Answer. At this time, a decision as to the role of Playas is undetermined, although the site could have potential value in a national training architecture. Playas' usefulness as a location for homeland defense preparedness training must first be assessed through a feasibility study to determine if acquisition of the property will make a contribution to the national first responder training program.

Question. Will you evaluate the feasibility of using Playas as a training site for State and local first responders before we lose this unique opportunity?

Answer. A feasibility study to determine the potential use of Playas as a training center would be the first step in the decision-making process. If upon review of the completed feasibility study a decision is made to move forward with utilizing the property for a training facility, a detailed plan will be developed to determine the most advantageous manner in which to acquire the property. This would be a lengthy process given the many legal issues involved, particularly if the decision is for the Federal Government and ODP to purchase or lease the property.

NATIONAL GUARD ISSUE

Question. I have been told that the Department of Defense has decided to terminate National Guard support to the Department of Homeland Security's border inspection operations. I believe that the National Guard has been an intricate partner with Customs for well over a decade, providing the extra hands necessary to help inspect cargo at our land borders, seaports, and mail facilities. I believe there are approximately 350 National Guardsmen working alongside Customs in this capacity, at any given time.

This work is of particular importance to New Mexico on our border with Mexico. There are approximately 52 guardsmen along the New Mexican border supporting a total of 90 plus Customs, Immigration and Agriculture inspectors. It is my understanding that for every guardsman who works searching cargo or screening mail allows an extra Department of Homeland Security (DHS) inspector to be on the frontlines looking for terrorists.

As I understand, the Defense Department would like to place these guardsmen in positions (along the U.S. border) that are more "military unique", such as intelligence collection.

Is now the time for DOD to move these guardsmen from these critical positions?

Answer. In September 2002, DOD officially informed the U.S. Customs Service, now Bureau of Customs and Border Protection (BCBP), that they would discontinue funding National Guard counternarcotics support of BCBP's Cargo and Mail Inspection operations (the only BCBP operations supported by National Guard soldiers) effective September 30, 2003. DOD subsequently changed this date to September 30, 2004. The reason for discontinuing the National Guard support, as stated by DOD officials, is that they wish to phase out all National Guard counternarcotics support that does not require unique military skills.

As a result of the September 2002 notification, aggressive hiring strategies to offset any negative impact of losing National Guard support were implemented. Through regular appropriations, supplemental funding and an overall increase in our inspector corps as a result of the March 1, 2003 transition to BCBP, our agency is prepared to do without National Guard support beginning October 1, 2004.

Question. Shouldn't we be increasing the number of guardsman at our borders?

Answer. As a result of the significant increase in BCBP staffing, as outlined above, it is not necessary to retain National Guard support at our borders, nor is it necessary to increase the number of National Guard soldiers at the border locations. BCBP welcomes National Guard support beyond September 30, 2004, but the support is not critical for BCBP to accomplish its mission.

Question. If DOD pulls the Guard from the border will DHS need more funding to replace personnel?

Answer. No. Through regular appropriations, supplemental funding and an overall increase in our inspector corps as a result of the March 1, 2003 transition to BCBP, our agency is prepared to do without National Guard support beginning October 1, 2004.

QUESTIONS SUBMITTED BY SENATOR BEN NIGHTHORSE CAMPBELL

FIRST RESPONDERS

Question. A portion of your budget is dedicated to managing the Department's First Responder initiative, and providing grants for preparedness. Within this initiative, you plan to award grants to states to address the equipment, training, planning and exercise needs (as recognized in their updated response plans, which identified goals and objectives for preparedness, State and local enforcement anti-terrorism initiatives, and Citizen Corps preparedness activities). What do you believe is the most efficient way to get funding into the hands of those first responders, who so desperately need it?

Answer. There have been many concerns from the government as well as first responders in the field regarding the grant funding reaching local jurisdictions in a timely manner. Therefore, the fiscal year 2003 State Homeland Security Grant Program I (SHSGP I) and SHSGP II incorporate a strict timeline to facilitate the release and obligation of this funding. Also, as mandated by Congress, 80 percent of the equipment funds in the SHSGP I, and 80 percent of the total amount of the grant to each state in the SHSGP II, must be provided to local units of government. The required bi-annual Categorical Assistance Progress Reports for both grant programs must reflect the progress made on providing those funds to local jurisdictions.

Question. Can you explain to me the process in place for awarding the grant program?

Answer. The fiscal year 2003 State Homeland Security Grant Program I (SHSGP I) application kit was posted online on March 7, 2003. States had to submit their applications to ODP within 45 days, by April 22, 2003. Applications were reviewed at ODP within 7 days of submission. Once approved by ODP, grants will be awarded to the States within 21 days. States have 45 days to obligate funds from the time the grant is awarded.

The SHSGP II application kit was posted online April 30, 2003. States must submit their applications to ODP within 30 days, by May 30, 2003. Applications will be reviewed at ODP within 7 days of submission. Once approved by ODP, grants will be awarded to the States within 21 days. States have 45 days to obligate funds from the time the grant is awarded.

TRANSPORTATION SECURITY ADMINISTRATION

Question. In the hours following the attacks on the Pentagon and the World Trade Center, it was clear that the lines of communication between everyone involved in air travel—the FAA, Federal authorities, airlines, and customers—was severely deficient, if not to say completely inadequate. What steps have been taken to improve

this so that information moves quickly and accurately from the air traffic controllers to the airlines to the passengers, and most importantly, to the appropriate agencies in the event of another emergency?

Answer. The communications flow between air traffic controllers, airline corporate headquarters and security divisions, Department of Defense, and other Departments occurs under processes established among the Federal Aviation Administration, Transportation Security Administration, Department of Homeland Security, and the Department of Defense. In cases where there is a known threat to aviation security, the agency that identifies the threat establishes communications with the other agencies via established conference calls, at which time all command centers are brought into a coordination conference call. In addition to these interagency conference calls, each agency initiates calls within its own organization for coordination with internal response and information sources to build and maintain situational awareness. The Transportation Security Administration establishes direct links to internal and external agencies via secure and non-secure means for information gathering and direction. The communication systems are tested regularly to identify and correct glitches in the lines of communication so that we are confident there will not be any problems in a real emergency. At the end of every test, we conduct an outbrief to review the exercise and identify areas for improvement. These communications links encompass the full spectrum of agency capabilities to respond to any threat to aviation security. Additional details on the secure elements of the communication links can be provided in a classified setting.

AIR MARSHALS

Question. On September 11th, it became apparent that our nation's protectors of the commercial skies, the U.S. Air Marshals, needed to be in better communication—not only with their superiors but also with each other. Who knows what could have been averted, and how many lives could have been saved had communications technology been available.

I know that over the past year or so, the TSA has been working with technology companies in order to develop a communications system that allows the air marshals to communicate in real time with officials on the ground, as well as other air marshals stationed on other commercial aircraft. I think this is necessary so that our air marshals are not isolated at 30,000 feet.

Do you have any knowledge of the progress of this technology development?

Answer. Pursuant to House Conference Committee Report 107–593, TSA's Federal Air Marshal Service (FAMS) was provided $15 million to begin implementation of an Air to Ground Communications program. TSA intends to utilize this funding to purchase a Commercial Off-the-Shelf (COTS) product, which includes hardware and software, for implementation of the Air to Ground communications system. This initial system will allow FAMS to utilize a portable, quickly deployable air to ground communications system which will seamlessly integrate existing FAMS wireless technology. This comprehensive wireless communications system may also be used by other local, State, and Federal agencies, and the Department of Defense, to achieve secure communications through a dedicated law enforcement network.

BAGGAGE SCREENERS

Question. The TSA recently announced plans to eliminate 3,000 more airport screening jobs by the end of September, coupled with 3,000 others announced in March, amount to about 11 percent of the 55,600 screeners employed.

This plan will save the TSA an estimated $280 million. I applaud the TSA's effort to trim their budgetary needs, however, is a good idea to cut the work force and putting some workers on part-time hours? Do you believe this to be a wise decision at this time?

Answer. TSA acknowledges the requirement to reduce and re-distribute some of the screener workforce. Getting the right number of screeners at airports will continue to be a management challenge. It will be essential for us to use our work force in a flexible manner if we are to avoid long lines after the reduction. Part time employees will be essential for staffing checkpoint lanes during peak periods. Through the implementation of good management principles and practices, TSA will be able to maintain its charter of world-class security with a more efficient, more effective screener workforce.

Question. Will we still have enough workers to screen 100 percent of the bags?

Answer. Yes. The resulting workforce, made up of full and part time employees, will be able to electronically screen 100 percent of the bags when the balance of baggage screening equipment is deployed to the remaining airports.

AIR TRAFFIC CONTROLLERS

Question. A year ago, we discussed the need for accountability in the security screeners and airport employees as a whole. Then Congress passed the Aviation and Transportation Act which federalized those employees. Recently, President Bush issued an executive order that deleted the clause in a previous order signed by President Clinton that described air traffic control as an "inherently governmental function." The Administration has proposed studying whether to hire a private company to take over the air traffic control system. What effect will privatizing the Air Traffic Controllers will have on the current system?

Answer. Because the safe operation of the Nation's air traffic control system is the responsibility of the Federal Aviation Administration (FAA), an agency within the Department of Transportation (DOT), this question is more appropriately addressed to that agency.

Question. Do you believe it will solve current issues, or create problems?

Answer. Because the safe operation of the Nation's air traffic control system is the responsibility of the Federal Aviation Administration (FAA), an agency within the Department of Transportation (DOT), this question is more appropriately addressed to that agency.

CROSS-CHECK OF PASSENGER IDENTITY

Question. When passing the Aviation and Transportation Act, Congress felt the need to include the Computer Assisted Passenger Pre-screening System (CAPS II). CAPS II would scan government and commercial databases for potential terrorist threats when a passenger makes a reservation. Under this program, passengers will be required to provide their full name, address, telephone phone number, and date of birth. The airline computer reservation system will then automatically link to the Transportation Security Administration (TSA) for a computer background check that can include credit, banking history, and criminal background checks. The TSA will then assign a score to the passenger based on the agency's risk assessment of the traveler.

However, the Office of Management and Budget (OMB) has doubts about the project and believes that there may be better use for the money slated for this project, and has the power to remove the project if they deem appropriate. Not to mention the potential infringement on personal privacy, and the possibility for mistakes effecting innocent people.

Do you believe the CAPPS II program is necessary, and what are you doing to ease the OMB's worries regarding the program's effectiveness and operation?

Answer. Yes, TSA believes that the CAPPS II program is necessary. Not only will it enhance security, but it will improve security resource allocation (including screeners and FAMs) and it will relieve the airlines of the burden of running the current CAPPS program (estimated at $150–200 million annually). TSA has submitted a Business Case for CAPPS II which is under review.

QUALIFIED ANTITERRORISM TECHNOLOGIES

Question. The Homeland Security Act of 2002 (Sections 862) provided the Department of Homeland Security with authority to compile a list of "qualified antiterrorism technologies" that would qualify or receive certain protection under that Act. Has this list been compiled? If not, why?

Answer. The list of "qualified antiterrorism technologies" has not yet been compiled. The regulations to govern implementation of the SAFETY Act must be completed before the SAFETY Act can be implemented. Promulgation of these regulations is a high priority, and DHS is working with the Office of Management and Budget (OMB) to finalize an initial set of SAFETY Act regulations. We expect to publish these regulations for comment very shortly. Following the public comment period, the regulations will be finalized and issued. As soon as the regulations are issued, applications can be made to DHS for consideration of possible technologies that are determined to meet the criteria set forth in Subtitle G, Sec. 862.

Question. If this list has been compiled, can Members of this Committee get a copy of this list?

Answer. This list has not yet been compiled; please see answer to Question BTS–S56 for current status.

Question. How would a company that has an antiterrorism technology be considered for approval?

Answer. DHS has developed plans for both an immediate implementation path, and for a longer-term "ideal state" process, to implement the SAFETY Act. Public notification of the application process and of the select categories of technologies

that will be considered for certification will be made through the DHS website after regulations are issued.

Question. Do they need to wait for the rulemaking process to be completed to apply for approval?

Answer. Yes, companies will need to wait until after the rulemaking process has been completed. DHS does not yet have an application or approval process in place. Final application and approval processes are contingent upon issuance of regulations. DHS wants to ensure that applicants are well informed about requirements so that they can make informed decisions regarding submitting their technologies for consideration

Question. If so, when will that process be completed?

Answer. Until DHS and OMB have completed their review and issued guidance for the actual implementation of the SAFETY Act, it is not possible to determine an actual date for completing the process. However, the Department does place a high priority on completing the necessary guidance and regulations and is prepared to act quickly after issuance of the guidance.

BORDER SECURITY

Question. This Directorate arguably has one of the toughest jobs in the Department. Ideally, if this Directorate performs its job to perfection, then the concerns of terrorists coming into our country to attack our citizens or our infrastructure are reduced to a great extent. With 7,500 miles of land borders with Canada and Mexico and 95,000 miles of coastline to keep watch over, short of building a large wall around the country, how much success have you had in strengthening our border security?

Answer. The priority mission BCBP is to detect and prevent terrorists and terrorist weapons from entering the United States at and between Ports of Entry (POEs) while simultaneously facilitating legitimate trade and travel.

In order to carry out its priority mission, BCBP has developed and is implementing Smart Border initiatives with other nations and with the private sector, such as the Container Security Initiative (CSI), the Customs-Trade Partnership Against Terrorism (C–TPAT), NEXUS, and the Free and Secure Trade (FAST) Program, and will continue to push our zone of security outwards.

Our layered inspection process and the components of a Smart Border include:

—Advance electronic information
—Automated targeting tools
—Identifying and facilitating low-risk travelers and shipments
—Non-intrusive inspection technology
—Industry partnerships
—Training
—Pushing security beyond our borders

BCBP uses various large-scale, portable and hand-held technologies in different combinations to substantially increase the likelihood that a nuclear or radiological weapon or weapons grade material will be detected. We have identified and are deploying nuclear and radiological detection equipment to include personal radiation detectors, portal radiation monitors and radiation isotope identifier devices.

In combination with our layered enforcement process, these tools currently provide BCBP with significant capacity to detect nuclear or radiological materials.

Additional initiatives include, but are not limited to:

—Training to further develop a highly skilled and trained workforce;
—Sensors to remotely monitor low volume ports of entry; and
—Exchange of intelligence and information to identify potential nuclear and radiological smuggling threats.

Our goal is to examine 100 percent of all high-risk cargo and conveyances and to screen all high-risk people, cargo and conveyances for radiation. The Border Patrol, a component of the Bureau of Customs and Border Protection, is responsible for preventing the illegal entry of any persons crossing between the ports of entry along the 8,000 miles of international border with Canada and Mexico. To accomplish this enormous mission, there are currently over 10,000 agents deployed on the border to deter, detect, and apprehend any illegal entrants at the border. These dedicated agents have historically arrested in excess of 1,000,000 illegal entrants annually. In order to improve the enforcement effectiveness of these agents, the use of technology and enhanced detection systems are continuing to be deployed along the border. In addition to the technology, additional border barriers, high intensity lighting units and improved border roads have been used to assist the agents in providing the maximum in border security measures between the ports of entry. The success of these measures has recently lead to reductions in illegal entry arrests

along certain major border areas, as well as the continued disruption of organized smuggling efforts on the border.

Question. Are any of these projects visible to our country's citizens to make them feel safer?

Answer. BCBP has developed a multi-layered process to target high-risk shipments while simultaneously facilitating legitimate trade and cargo. Our Smart Border initiatives include components that are invisible to a majority of the traveling public. These include cooperative efforts with other nations to push security beyond our borders, advance electronic information, automated targeting tools, intelligence and partnering with industry.

Portions of our layered enforcement process are highly visible to the general public. These include our inventory of hand-held, portable and large-scale non-intrusive inspection (NII) technologies deployed to our nation's air, land and seaports of entry, as well as the additional personnel and canine resources necessary to support the technology.

Many of the Border Patrol's newest assets are visible to the citizens who reside in our many border communities. Those assets include the latest in state of the art helicopters, which frequently patrol over these communities. In addition, there are infrastructure improvements in fencing, checkpoint facilities and expanded canine units for locating persons and contraband hidden in vehicles and train boxcars. Also visible to our citizens is the increase in the number of agents patrolling in marked sedans and four-wheeled drive trucks along the border. In addition, every Border Patrol sector has a community out-reach program to educate and inform the local communities of the activities of the Border Patrol and to reassure the citizens of the Patrol's efforts in providing security along the border of the country. While many of the assets used by the Border Patrol are not readily visible to the public, such as surveillance and detection equipment, the results of the increased presence of agents along the border continues to be favorably noted by the local media and civic organizations in many border communities.

QUESTIONS SUBMITTED BY SENATOR ROBERT C. BYRD

EXPIRATION OF COBRA FEES

Question. The COBRA fees—which fund nearly all overtime for the legacy Customs inspectors among others—expire at the end of this fiscal year. Have you submitted legislation to the appropriate authorizing committees and discussed with them the need for the extension of these fees? Also, what contingency plans, if any, do you have in place to cover the costs of the current COBRA-funded functions should the fees not be extended in time?

Answer. We have briefed both the House Ways and Means Committee and the Senate Finance Committee staffs on the need for an extension of the COBRA fees, and both Committees have developed proposals to extend the fees. The expiration of the COBRA fees will present numerous problems for BCBP, as well as fee paying parties-in-interest. Other existing statutes require that airlines be billed for overtime services and preclearance (19 USC 267 and 31 USC 9701) and that foreign trade zones and bonded warehouses be billed for inspectional and supervision services (19 USC 81n and 19 USC 1555). Other charges, such as fees for reimbursement of compensation of boarding officers under 19 USC 261 will also need to be reinstated. These statutes are held in abeyance while the COBRA fees are in effect (see 19 USC 58c(e)(6)). While the reimbursements from these other statutes would offset some of the losses from the expired COBRA fees, the amounts are not expected to be significant. If the COBRA fees expire, service to international passengers and the trade would need to be reduced to a level commensurate with available funding.

It should also be noted that the failure to reauthorize the fees provided for under the COBRA statute (19 USC 58c) will result in an additional loss in collections of approximately $1 billion annually. This represents the Merchandise Processing Fees, which are deposited into the General Fund of the Treasury as an offset to the commercial operations portion of the BCBP budget.

LEGACY CUSTOM SERVICE AND IMMIGRATION AND NATURALIZATION SERVICE FEES

Question. A significant portion of the budgets of the new Bureaus of Customs and Border Protection and Immigration and Customs Enforcement are based on the assumed collection of fees from the legacy Customs Service and Immigration and Naturalization Service. What happens if these fees do not materialize or materialize at levels lower than estimated? How do you intend to bridge that funding gap should one occur?

Answer. If funding shortages occur because of smaller fee receipts, BCBP will adjust the level of inspection services accordingly in order to function within available resources.

ANTI-DUMPING AUTHORITY (BICE AND BCBP)

Question. What is the expected cost in fiscal year 2003 of administering the anti-dumping authority in section 754 of the Tariff Act of 1930 (19 USC 1675c)?

Answer. While enforcement of the Tariff Act is a major priority of the BCBP, its efforts to enforce this legislation cut across many different programs and organizations which are concurrently performing a variety of trade compliance functions within BCBP. Therefore, the cost of BCBP's enforcement efforts in this area is not easily tracked or monitored in a way that enables BCBP to provide a quick and easy answer to this question. Ultimately, any answer would be an estimate of BCBP's costs.

BUDGET DOCUMENTS

Question. The budget justification documents for BCBP and BICE do not include detailed legacy information on the agencies/accounts broken out in a manner similar to that which used to be provided by the former Customs Service. Was information provided to the Department by the former Customs Service staff prepared in that format? Please provide the Subcommittee with a copy of that submission to assist us in tracing the budgets from fiscal year 2003 to fiscal year 2004?

Answer. The former Customs Service did not provide a draft of the fiscal year 2004 budget to the Department in its traditional format.

DHS FIRST 100 DAYS

Question. Secretary Ridge noted in his list of the Department's accomplishments for the 1st 100 days that BCBP had "acquired and deployed additional "A-STAR" and "HUEY" helicopters to bolster enforcement efforts along the U.S. Southern border". With what fiscal year funds were these aircraft purchased? Are other rotary or fixed-wing aircraft in the procurement pipeline? If so, where is their planned deployment?

Answer. The purchase of the additional "A-STAR" helicopters was made in fiscal year 2002 with funding received from counter-terrorism supplemental appropriations in that year. The "HUEY" helicopters were obtained through the military on-loan program for special operations and tactical training requiring the mission capabilities of that aircraft. The deployment of the "HUEY" helicopters to bolster border enforcement operations occurred in fiscal year 2002.

NATIONAL CAPITOL REGION AIRSPACE PROTECTION

Question. Last week, in his commemoration of the first 100 days of the new Department of Homeland Security, Secretary Ridge noted that the Department's Bureau of Immigration and Customs Enforcement Office of Air and Marine Interdiction has, "provided 24–7 airspace security coverage over Washington, D.C." I understand that Blackhawk helicopters were transferred to this area to provide this "airspace security". How many assets have been assigned to this region and from which parts of the country are they being borrowed? How long are they expected to be assigned to this region? What are the impacts on the on-going operations at the other regions from which these assets have been borrowed? Is there a long term "fix" in the planning stages for this problem? Does the Department intend to establish an air security branch for the National Capitol Region?

Answer. The Bureau of Customs and Immigration Enforcement (BICE), Office of Air and Marine Interdiction (OAMI) is providing two Blackhawk helicopters and two Citation Tracker aircraft with associated aircrews and support personnel for National Capital Region (NCR) air security operations. Additionally, OAMI is providing Detection Systems Specialists (DSSs) and four operator consoles from the Air and Marine Interdiction Coordination Center to establish and provide 24–7 law enforcement air surveillance to the NCR. These assets are drawn from throughout the OAMI program and are rotated on a regular basis to minimize the impact to any one sector. The impact on aircraft maintenance at the other regions is the reduction of man-hours. There is no expectation of this mission terminating.

Question. Given the importance of all of these missions, as well as the limited number of Department air assets, why are no funds requested in your fiscal year 2004 budget for additional aircraft? Further, if you decide to create a National Capitol Region program, how much money is required to do so?

Answer. The Department of Homeland Security's fiscal year 2004 budget will leverage existing assets to accomplish this mission.

RESTRUCTURING AIR AND MARINE PROGRAM

Question. What are the plans for updating and restructuring the Air and Marine program? Will pilots who train and graduate from the same academy as agents be eligible to become 1811's? Will there be any equipment upgrades? Will there be new offices set up in the New York Metro and National Capitol Region? Will new offices with assets in these areas be cost effective in the event of changing security levels?

Answer. In addition to NCR coverage, OAMI has developed plans to expand air security and interdiction operations beyond the traditional southern focused alignment to include the Northern Border. Currently OAMI has a "permanent" temporary air unit in the Northwest and routinely deploys air units to other Northern Border locations. Also, in order to meet the increased demands from Northern Border operations, OAMI plans to increase the capacity of the OAMI national training and standardization center to include flight simulators. This will increase the safety and proficiency of OAMI personnel.

BICE Special Agents, Pilots, Air Interdiction Officers, Air Enforcement Officers and Marine Enforcement Officers attend and graduate from the Federal Law Enforcement Training Center. Graduation from this academy qualifies personnel as Criminal Investigators (1811).

The OAMI Modification Plan is a living document and currently under revision. Previous versions have been forwarded to OMB and Congress for consideration. This includes equipment upgrades as well as recapitalization of aircraft and vessels. OAMI has a standing requirement to upgrade operational equipment to keep pace with technological advancements.

Currently there are no plans to set up additional offices in New York City other than the existing Air Unit. However, AMI has established a communication and radar surveillance infrastructure for the New York City area that can be easily accessed and used for training or operational events. There is a plan for a National Capital Region Air Branch and NCR Coordination Center.

OPERATION GREENQUEST

Question. By all accounts, the on-going anti-terrorism initiative known as "Operation Greenquest" is working quite well. However, there have been rumblings that the FBI may be attempting to take control of the Operation from the Department's Bureau of Immigration and Customs Enforcement. Is this true? If so, does the Department support shifting control of the program from legacy Customs to the FBI? For what reason? What is the status of negotiations with other Departments and agencies regarding terrorism financing (Operation Greenquest) and Narcotics investigations (Title 21)? Are you pushing to ensure that ICE Agents retain this authority?

Answer. In an effort to unify the U.S. Government's war against terrorist financing, the Departments of Homeland Security and Justice entered into a Memorandum of Agreement (MOA) on May 13, 2003. This MOA assigns lead investigative authority and jurisdiction regarding the investigation of terrorist finance to the Federal Bureau of Investigation (FBI).

Those cases that are determined to be "terrorist financing" cases will be investigated only through participation by the Bureau of Immigration and Customs Enforcement (BICE) in the FBI Joint Terrorism Task Forces (JTTF). All appropriate BICE-developed financial leads will be reviewed by the FBI, and if a nexus to terrorism or terrorist financing is identified, the leads will be referred to the JTTF under the direction of the FBI's Terrorist Financing Operations Section (TFOS). There are no provisions in the current agreement between DHS and DOJ that allow for delegation of authority of terrorist financing investigations.

In accordance with BICE's independent authority and jurisdiction relative to other financial crimes and money laundering investigations, BICE will be the lead investigative agency for financial investigations that are not specified as "terrorist financing" cases. BICE will continue to vigorously and aggressively proceed with its DHS mission to target financial systems that are vulnerable to exploitation by criminal organizations, and to protect the integrity of U.S. financial infrastructures.

AQI FUMIGATION INVESTIGATION

Question. The Agriculture Department's Animal and Plant Health Inspection Service—Agriculture Quarantine Inspection (AQI) program was transferred by law to the Department of Homeland Security. However, the investigators who follow-up, review and investigate the importation of prohibited goods from prohibited countries

remain part of the Agriculture Department. Similarly, the personnel responsible for fumigation, following the discovery of pests, remain at USDA. Does this make sense? Is the Administration considering a legislative fix to correct this contradiction?

Answer. The separation of mutually dependent program functions, such as the USDA investigators and personnel responsible for fumigation, from the AQI program transferred to the DHS is problematic and requires high levels of cooperation, communication, and coordination at multiple levels. To facilitate this, DHS and USDA addressed issues early by including relevant Articles in a Memorandum of Agreement (MOA) required by the Homeland Security Act of 2002. Specifically, there are Articles for separating functions and then coordinating these functions once separated. Further, additional and more specific agreements are necessary and are being developed. The MOA will be periodically reviewed and modified as mutually agreed to by DHS and USDA. Through the MOA and additional, more specific agreements, DHS and USDA will have an opportunity to re-adjust the assignment of program functions and responsibilities to maximize collective ability to carry out respective missions. Program officials from both DHS and USDA are working together to accomplish this. Legislative fixes offer another means to accomplish necessary and beneficial re-adjustments and changes. DHS Agricultural Inspection Policy and Program staff is not currently working on developing legislative fixes.

JUSTICE DEPARTMENT'S RECENT DECISION REGARDING ILLEGAL IMMIGRANTS

Question. On April 24, Attorney General Ashcroft announced that his agency has determined that broad categories of foreigners who arrive in the U.S. illegally can be detained indefinitely without consideration of their individual circumstances if immigration officials say their release would endanger national security. Apparently, Homeland Security officials appealed that decision but their objections were overruled by the Attorney General. There are significant costs that are born by detaining illegal immigrants until their eventual deportation. For instance, it is estimated that the detention of Haitians in Florida over a 6 month period has cost the Department $12.5 million. Given that the Justice Department decision could have a significant impact on the Homeland Security Department's budget, how will the costs of these policy decisions be paid and by whom? Is the Department making further appeals of the Justice Department's ruling in this case?

Answer. BICE is fully supportive of the decision by the Attorney General to allow national security implications to be considered as part of bond determinations. This decision was requested by BICE in the face of a recent Board of Immigration Appeals (BIA) decision which had ruled that bond determinations could only be based on individual circumstances.

DETENTION AND REMOVAL

Question. The fiscal year 2004 budget request for detention and removal activities appears to be cut by $37.4 million below the level appropriated in the fiscal year 2003 Omnibus Act. Given Attorney General Ashcroft's decision to permit the detention—on national security grounds—of entire categories of aliens found entering or residing in the United States, as well as the already relatively crowded conditions at ICE detention facilities across the country, how can the Department justify any reductions in this activity? Will the Justice Department provide additional funds to bridge any potential resources gaps or will this just become yet another unfunded mandate?

Answer. As stated previously, BICE is fully supportive of the decision by the Attorney General to allow national security implications to be considered as part of bond determinations. This decision was requested by BICE in the face of a recent Board of Immigration Appeals (BIA) decision which had ruled that bond determinations could only be based on individual circumstances.

There were two significant reductions to the funding level for the fiscal year 2003 Detention and Removal budget. In the appropriate account, $615 million identified for the Office of the Federal Detention Trustee was reduced by $22 million in the Conference Report. In the User Fee account, Detention and Removal funds were reduced by $5.6 million due to a decrease in expected User Fee revenue. As a result, 1,081 beds would have to be reduced. If a reduction in beds is necessary, the result will be 9,729 fewer aliens being detained. For aliens in detention, approximately 92 percent are removed, while approximately 13 percent of aliens on the non-detained docket are removed. Thus, the reduction in 1,081 beds may result in 7,686 fewer removals.

LETTERS OF INTENT

Question. The fiscal year 2003 Iraqi War Supplemental (Public Law 108–11) included a provision allowing the Under Secretary for Border and Transportation Security to issue letters of intent to airports to provide assistance in the installation of explosive detection systems. What is the status of this issue? Is the Office of Management and Budget delaying the issuance of these letters?

Answer. TSA has received OMB approval to begin using the LOI process. Once an LOI is established, TSA and the relevant airport development authority enter into a Memorandum of Agreement (MOA) to outline the specific details of the work to be accomplished to complete an in-line explosive detection system (EDS) solution.

HIGH THREAT URBAN AREAS

Question. Just last week the Office for Domestic Preparedness released the application kit for the $100 million High Threat Urban Area program that Congress funded in the fiscal year 2003 Omnibus Appropriations Act. The applications for the seven eligible cities are due June 16. By the time the funds get to the cities, it will have been at least 4½ months since the Omnibus bill was signed into law. Getting out this first round of money required a lot of work on the part of the Department. You had to develop a funding formula from scratch, and had to design an application kit. But I'm concerned about the next round of funding.

In the fiscal year 2003 supplemental, Congress appropriated $700 million for the high threat urban area program. I do not want cities—and this time it will be more than just seven eligible cities—to wait 4 months to receive their grants. When will you award the $700 million? Congress required that the $700 million be allocated to high threat urban areas within 60 days of enactment, which is June 11, 2003. Given that applications for the first round of funding are due June 16, can the Department award all $800 million at that time? This would prevent cities from applying more than once for the same program, and would allow for coordinated planning and implementation.

Answer. Due to concerns from the government as well as first responders in the field regarding the grant funding reaching local jurisdictions in a timely manner, the grant application for the approximately $100 million for the Urban Areas Security Initiative incorporates a strict timeline in order to facilitate the release and obligation of this funding. The application kit was posted online on April 30, 2003, with a deadline for applications due June 16, 2003. The additional $700 million referenced in Public-Law 108–11, The Wartime Supplemental Appropriations, was not allocated by DHS before April 30, 2003. On May 14, 2003, DHS announced how the $700 million was allocated, identifying the cities that are eligible to participate in the program. Therefore, the first application cannot be combined with the next application for the $700 million. To expedite the grant awards for the $700 million, ODP will again adhere to a strict timeline.

FIRE GRANTS AND FIRST RESPONDER FUNDING

Question. Mr. Secretary, FEMA—in conjunction with the National Fire Protection Association—released a study on January 22, 2002, entitled "A Needs Assessment of the U.S. Fire Service" which reported that only 13 percent of our nation's fire departments are prepared handle a chemical or biological attack involving ten or more injuries. Last year, FEMA awarded $334 million in fire grants but received more than 19,000 applications that requested over $2 billion.

Given the critical unmet needs of our nation's first responders, I simply do not understand the Administration's lack of commitment to this program. In fiscal year 2002, the President refused to spend $150 million approved by the Congress for this program. For fiscal year 2003, the President proposed to eliminate all funding for the program. For fiscal year 2004 you are proposing a 33 percent reduction to the fire grants program from the 2003 enacted amount of $745 million.

Please explain to the Subcommittee why the Administration does not view this program as a critical part of our strategy to secure the homeland.

Answer. ODP has been providing Federal assistance to State and local emergency responders through grant funding since 1998. Eligible disciplines for these grant funds include the fire service, law enforcement, emergency medical services, and other emergency services disciplines. While the allowable costs for these grants do not include hiring of operational personnel such as fire fighters, they do include many items related to prevention, response and recovery, such as: equipment, exercises, training and administrative staff and overtime costs. All of these items are crucial to the support and readiness of fire departments.

The Department of Homeland Security budget request for fiscal year 2004 includes at least an additional $500 million in grants that contribute to firefighter preparedness, as well as $2.5 billion for State domestic preparedness grants to provide equipment, exercises, strategic planning, and support to the national training and exercise program. This amount is in addition to the $566.295 million in State domestic preparedness grants available through the fiscal year 2003 State Homeland Security Grant Program (SHSGP) I, and the $1.5 billion in State domestic preparedness grants that is available for the SHSGP II. Basic turn-out gear covered under the Fire Act is also equipment that would be used in response to a terrorist event, therefore funds that are available for the State homeland security grants can be used to provide much needed equipment and other direct services to the fire fighting community.

FISCAL YEAR 2003 TSA FINANCIAL PLAN

Question. The Transportation Security Administration advised the Congress that we would be provided with a spending plan for how you intend to obligate the funds appropriated to your agency for this fiscal year. We have now entered the 8 month of this fiscal year—and we have yet to be provided with such a spending plan. We are told that TSA faces a significant funding shortfall—perhaps in excess of $900 million. We have not received a supplemental request from the President to meet this shortfall. The Administration opposed efforts to add funding to the recent supplemental to close the operating deficit. Do you believe that TSA can live within its current budget and, if so, what steps are you and they taking to live within that budget? Why has TSA waited 3 months since enactment of the Omnibus to deliver a plan?

Answer. Since enactment of fiscal year 2003 Omnibus Appropriations Act (Public Law 108–7) in February and the Emergency Wartime Supplemental Appropriations Act (Public Law 108–11), TSA has been working with the assistance of the Department of Homeland Security and the Office of Management and Budget to develop a budget execution plan that will meet the needs of the agency within the funding provided.

Since the establishment of TSA, the agency has confronted a series of unforeseen and extraordinary requirements as it worked to meet mandated deadlines and to establish normalized business practices. In addition, development of a fiscal year 2003 budget plan was particularly challenging since the Omnibus Appropriations Act contained a large number of earmarks that were not budgeted. The transfer of TSA from the Department of Transportation to the Department of Homeland Security on March 1 was another unusual dynamic.

TSA has prioritized its spending needs for fiscal year 2003, resulting in a budget plan that has been transmitted to the Congress as a reprogramming notification. TSA will adhere to this plan and will closely monitor its execution for the remainder of the fiscal year.

INS CONSTRUCTION BACKLOG

Question. Please provide the Subcommittee with details on the current INS construction backlog.

Answer. The DHS will begin addressing these backlogs following a strategic, multi-year approach.

PRIVATE MAIL RADIATION DETECTION EQUIPMENT

Question. The Department has provided its employees who inspect U.S. Postal Service mail with radiation detection equipment. Does it also provide similar equipment for employees who inspect United Parcel Service and FedEx mail? If not, why not? Is there a plan to provide this equipment in the future?

Answer. The Bureau of Customs and Border Protection (BCBP) personnel are equipped with radiation detection devices at FedEx and United Parcel Service (UPS) facilities. At the present time BCBP personnel use both Personal Radiation Detectors (PRD) and Radiation Isotope Identification Devices to screen cargo at both FedEx and UPS facilities.

Both UPS and FedEx are in the process of procuring and installing company owned radiation detection devices at overseas locations. Once completely installed, this equipment will allow these companies to screen all incoming cargo and parcels before entering the commerce of the United States. Both companies will be relying on several types of equipment, such as Hand-Held Devices and Radiation Portal Monitors, at their overseas facilities. The types of radiation screening devices used will depend on the size of the facility and amount of cargo screened.

BUREAU OF IMMIGRATION AND CUSTOMS ENFORCEMENT: ON-GOING OPERATION

Question. My staff recently was briefed on an on-going Bureau of Immigration and Customs Enforcement activity referred to as "Operation Blue Girard". Is there money in the fiscal year 2004 budget request specifically designated for this activity? If so, how much and for what purposes?

Answer. Operation Blue Girard is one part of a multifaceted port security program coordinated by the BICE SAIC/Miami, which falls under Operation Enduring Vigilance, which is a comprehensive multi agency approach to securing the seaports, cruise passengers and sea cargo in South Florida. Agencies from the Federal, State and local governments combine resources to address the threat to homeland security and from drug or alien smuggling. There is no funding in the fiscal year 2004 budget request specifically designated for this activity. Funding for maritime port security operations such as Operation Enduring Vigilance is handled internally within the agency budget process to include special operations funding.

WYDEN AMENDMENT TO S. 165—AIR CARGO SECURITY IMPROVEMENT ACT

Question. During mark-up of S. 165 in the Commerce Committee, Senator Wyden won voice vote approval of an amendment requiring a report on plans by the Transportation Security Administration to gather data on plane passengers. He said he wanted to determine how the collection of data impacts civil liberties and privacy. Has the Administration taken a position on the Wyden provision? Does it share the same concerns about personal privacy and data mining issues?

Answer. The Administration does not oppose the Wyden provision. TSA is committed to ensuring that personal privacy is protected in the CAPPS II program and welcomes the opportunity offered by Senator Wyden to demonstrate that commitment. With regard to data mining, while the Administration believes that it can be an important tool, the CAPPS II program will not be involved in data mining.

PORT SECURITY ASSESSMENTS

Question. Have you reviewed the port security assessments that have been completed to date to determine if there are patterns in port vulnerability that ports generally should begin to address immediately?

Answer. Review of the port security assessments completed to date has yielded valuable preliminary information regarding security enhancement requirements. These assessments have identified a number of physical security enhancements that were either non-existent or needed improvement, such as fencing, lighting, and closed circuit television systems. Other common recommendations included: standards for transportation worker identifications systems, security plans, communications systems, and screening equipment standards for cargo and passengers.

ENFORCEMENT OF INTELLECTUAL PROPERTY LAWS

Question. The enforcement activities of the Customs Service are critical to the health, safety and well being of U.S. citizens and our economy. Historically, Customs has been our first line of defense and this is reflected by the responsibilities we have given Customs through the laws granting it powers to detain citizens and cargo and, if necessary, to seize and forfeit goods.

In the 5 fiscal years from 1998 to 2002, Customs stopped over 19,700 shipments because of trademark and copyright violations. Customs seized over $373.9 million of counterfeit and pirated product. Because of the public health and safety risks posed by counterfeits and the injury to our commercial enterprises, these enforcement activities should continue in order to protect our national economic security.

In several well-publicized cases, millions of dollars made from cigarette smuggling were funneled to terrorist groups. Given that there may be numerous priority areas for our new bureaus with border responsibilities (Bureau of Customs and Border Protection and Bureau of Immigration and Customs Enforcement), where is the issue of product counterfeiting and piracy on your list of priorities?

Answer. Customs and Border Protection's top priority is the detection and apprehension of terrorism and terrorism related material. Interdiction of counterfeiting and piracy remain a priority because of the potential use of money generated from the smuggling of counterfeited and pirated goods for terrorist activity

Question. Also, the security of the United States has many dimensions. How are the new agencies—the Bureau of Customs and Border Protection and the Bureau of Immigration and Customs Enforcement—going to increase the needed protection of our commercial enterprises from those who bring counterfeit and illegal products into the United States?

Answer. BCBP has increased protection of commercial enterprises by implementing stringent cargo manifest rules, increasing importation research, and conducting more high-risk shipment exams.

Question. The enforcement responsibilities of the Bureau of Customs and Border Protection and the Bureau of Immigration and Customs Enforcement appear to be distinct; yet, overlapping. How will these two bureaus not only coordinate their enforcement efforts but also strengthen efforts to stop trafficking in counterfeit and illegal products in the United States?

Answer. The combining of agencies and personnel under DHS will increase the research and examination capabilities of each agency. The increase of research and investigative personnel leads to a broader and more productive work force.

Question. In fiscal year 2002, Customs stopped over 5,000 shipments that involved intellectual property theft, amounting to nearly $100 million. Will this continue to be an area of enforcement in view of the magnitude of the violations?

Answer. Due to the sheer volume and monetary value of BCBP seizures involving intellectual property theft, IPR will continue to be a priority. IPR will continue to be a focus for enforcement in order to protect the owners of intellectual property and prevent the movement of terrorist funds through this illegal activity.

Question. The U.S. Customs Service has been split between the Bureau of Customs and Border Protection and Bureau of Immigration and Customs Enforcement. How will this new structure increase the number of inspections of containers?

Answer. The restructuring of BCBP and BICE will potentially increase the number of inspections. It will allow for a greater amount of personnel dedicated to the research, exam and investigations leading to the apprehension of terrorists or others that commit violations of U.S. laws and regulations.

Question. Given the terrorist link, how can the new Department better target containers and seize illegal products entering the United States?

Answer. BCBP is able to update and implement targeting systems and research shipments related to entities associated with terrorism or commodities associated with acts of terrorism. Advanced technology and cooperation from foreign countries have increased the targeting and interdiction of illegal products from entering the United States.

Question. In terms of budgeting and personnel and training, what is being proposed for fiscal year 2004 compared to the last several years?

Answer. Current projections for fiscal year 2004 are to train approximately 5,000 new inspectors and 2,000 new Border Patrol agents. Past training workloads for new recruits are indicated in the table below.

	Border Patrol	INS	Agriculture	OFO [1]
2001	2,100	1,110	192	460
2002	2,000	2,720	308	1,210
2003	1,980	2,960	334	1,830
2004 (est.)	2,000	N/A	432	5,000

[1] With the establishment of DHS, legacy INS, Customs and Agriculture inspectors become part of the Office of Field Operations in Customs and Border Protection. Legacy Border Patrol becomes its own office in Customs and Border Protection.

Question. In fiscal year 2002, U.S. Customs seizures of intellectual property reached a new record and eclipsed the previous year by over 33 percent. Illegal cigarettes shot up from the 5th largest commodity to the top commodity being smuggled into the United States. Is the large increase in tobacco smuggling due to operations run by foreign terrorists?

Answer. Tobacco smuggling has not been linked solely to the funding of terrorist operations. Tobacco smuggling is known to be a profitable and highly lucrative cash commodity. However, through the use of BCBP databases tobacco shipments can be tracked and monitored for possible illicit or terrorist activity when linked to direct intelligence or derived from investigations.

Question. What efforts are you taking to intercept cigarette smuggling?

Answer. Efforts to intercept cigarette smuggling include greater scrutiny of imports from international sources known to be lenient to smuggling activity as well as importation trends, and the greater use of non-intrusive examinations. The use of automated targeting systems allows for efficient review of import information. Non-intrusive exams are utilized to uncover false compartments or other methods of concealment.

Question. In the fiscal year 2002 appropriations, $800,000 was designed for "tobacco smuggling task forces"? What have the task forces done to increase the number of seizures of illegal product?

Answer. To combat cigarette smuggling, the U.S. Customs Service created a Tobacco Task Force at headquarters. Last fiscal year, two full time agent positions and one full-time intelligence research specialist position were filled. Additionally, one full time agent position in Brussels was filled. This agent serves as coordinator with related European entities as part of the Tobacco Task Force. The Task Force provides coordination and investigative expertise to numerous complex international tobacco smuggling investigations involving Federal, State and Foreign law enforcement agencies. The Task Force provided funding and training in support of joint State/Federal Tobacco Smuggling Task Force members and funded an International Cigarette Smuggling conference in September 2002 for all disciplines of the U.S. Customs Service, to several Federal prosecutors, and to some of our law enforcement counterparts from around the world. These efforts have lead to a large increase in tobacco related investigations and has contributed significantly to the increase in seizures as well. No additional appropriations were earmarked for the Task Force in fiscal year 2003.

Question. In the fiscal year 2002 appropriations, $5 million went to the Intellectual Property Rights Center and Investigations Initiative. Could you please explain their activities and accomplishments? How does this investigative unit relate to the new bureaus—BCBP and BICE—and how will it increase the likelihood of seizures of illegal products?

Answer. The enforcement of intellectual property rights was a high priority trade strategy for the U.S. Customs Service, Office of Investigations, throughout fiscal year 2002. Since the reorganization, BICE has retained its foremost position. The IPR Center provides coordination and expertise to the BICE field offices in IPR-related investigations. It is a centralized collection and analysis point for allegations of Intellectual Property crime and investigative leads generated by law enforcement agencies, industry associations, the right holders and the public.

In fiscal year 2002, the IPR Center funded twelve Special Agent and nine Intelligence Research Specialists positions. The IPR Center funded positions have allowed the placement of investigative resources in Customs Attaché offices located in Beijing, Hong Kong, Bangkok, and Singapore, as well as, field offices located in Houston, Los Angeles, Miami, San Francisco and New York. These resources provided the technical expertise and support, which facilitated successful outcomes in domestic and foreign investigations.

During fiscal year 2002, the Center received over 200 incoming allegations and complaints from industry sources and right holders. After analyzing the information, multiple cases were referred to Customs field offices. During this period, the U.S. Customs Service initiated over 75 IPR related criminal investigations, which resulted in multiple arrests and convictions. In addition, over 85 IPR related seizures were effected by the Customs Service.

During fiscal year 2002, the Center personnel conducted dozens of training and outreach activities to domestic and foreign law enforcement officials, industry groups and associations. The Center personnel are regularly called upon to present the enforcement programs in the IPR arena to foreign dignitaries and delegations, who visit the United States as part of the State Department's Foreign Visitor Program and on other initiatives.

The Center is one of the leading members of the INTERPOL Intellectual Property Crime Action Group, which is a joint industry-law enforcement group designed to promote and coordinate IPR enforcement around the world. The IPR Center is now part of the Immigration & Customs Enforcement. The BICE and BCBP elements involved in the enforcement of Intellectual Property laws are continuing their respective duties and operational relationship. The Director of IPR Center continues to chair the BICE–BCBP IPR Trade Strategy Board meetings and represents BICE as the leading component of the joint effort in this area.

Question. Could you provide this Subcommittee with a report detailing your plans in fiscal year 2004 for the interdiction of illegal products in the United States and how you would measure success in this critical area? I would appreciate having such a report within 30 days for the Subcommittee's use in consideration of the fiscal year 2004 budget request of the department.

Answer. BCBP agrees to provide the report.

Question. One example cited of a decrease in emphasis on intellectual property (IP) enforcement is the cancellation of training sessions. I am told that several ports of entry including Honolulu, Buffalo, Cleveland, Champlain (NY), Detroit, Port Huron (MI), St. Alban's (VT), San Francisco/Oakland, and Minneapolis have cancelled scheduled IP training sessions. The reason given is that a lack of resources and new mission priorities make IPR enforcement a non-essential activity. Are you aware of these cancellations and don't you believe these sessions remain important to the Department's overall mission? What figures do you have on the number of

training sessions cancelled this fiscal year? Should such training be centralized through the Department or left to the individual ports?

Answer. Port directors are free to accept or reject offers of product identification training offered by parties-in-interest. Given the fact that antiterrorism is, and must continue to be, our first priority, field resources have been reallocated to respond to this threat, leaving fewer resources available for IPR enforcement. In the case of the vast majority of the ports cited, they have not historically been major points of entry for IPR violating goods, thus the need for such training is not critical to these locations.

Question. These same companies indicate that Customs inspectors familiar with IPR enforcement are being reassigned at alarming rates. For example, the Port of Newark, New Jersey reportedly had 40 inspectors assigned to conduct IP investigations before the move the DHS, and now it has one. We have heard that Los Angeles has seen a similar reduction. Is this true? Have there been actions at other ports to divert agents from IP inspections to other functions?

Answer. In order to respond to our antiterrorism mission, it has been necessary to reallocate resources at all locations.

Question. What is the effect of changes in the Threat Advisory Level to Custom's mission priorities? Has DHS established enforcement or operations guidelines for the different security levels? What impact does a change from Code Yellow to Code Orange have on the enforcement of intellectual property rights?

Answer. When the nation is at Code Orange, all cargo examination criteria which do not have an antiterrorism, national security, or public health and safety nexus are suspended.

Question. The Container Security Initiative (CSI) is designed in part to allow Customs to search more cargo containers, better target suspect shipments, and still facilitate trade. Will CSI also help in the detection of other nefarious products such as drugs and counterfeit merchandise, or is it restricted to protecting against weapons? What steps are you taking to ensure that programs such as the CSI aren't used against the United States to facilitate trafficking in illegal goods that don't pose an immediate threat to the public?

Answer. The twin goals of the BCBP are to increase security and to facilitate trade. BCBPs obligation to make our borders and our country safer, includes making sure that legitimate goods continue to enter efficiently. In order to fulfill our twin goals, we have developed and implemented many important initiatives designed to carry out both of those goals effectively.

In a standard CSI in-country team, BCBP officers target with the host nation cargo containers destined for, or transiting through, the United States. If during the course of the manifest targeting or container screening processes the BCBP officer discloses a shipment containing goods which violate a U.S. law or regulation, the information is transmitted to our National Targeting Center, the port of destination, and the appropriate Bureau of Immigration and Customs Enforcement office for action.

The CSI in-country team pre-screens and inspects commodities prior to lading in the host nation. Commodities rejected for potential weapons of mass destruction (WMD) or terrorist contraband will not be permitted to continue on its course to an U.S. port. Furthermore, that ship will not be allowed into U.S. territorial waters.

If, on the other hand, a container is targeted for inspection for commercial reasons, and is not inspected in the foreign port, it will be inspected when it reaches the intended U.S. port of entry. Under this scenario, BCBP officers at the U.S. port of entry will initiate the appropriate enforcement and penalty against the member the chain supply (carrier, importer).

Question. In an article posted on its website describing Operation Green Quest, Customs States that one of the many criminal enterprises used to fund terrorist organizations derive is the sale of counterfeit merchandise. To what extent has Operation Green Quest investigated or uncovered the connection between intellectual property theft and terrorist financing? To the extent that this link has been made, shouldn't Customs continue to focus on IP enforcement as a means to foreclose counterfeiting and piracy as a source of funding for terrorists?

Answer. Operation Green Quest investigations have revealed that a variety of criminal activities serve as funding sources for various criminal elements, some of which are alleged to have ties to terrorist organizations. Among these are violations of laws protecting intellectual property rights and prohibiting the manufacture, trafficking and sale of counterfeit merchandise. The Bureau of Immigration and Customs Enforcement is conducting several on-going investigations involving the use of proceeds derived from the sale and trafficking of counterfeit merchandise, alleged to support designated terrorist organizations. BICE is committed to investigating any violation of Federal law that may be used to fund criminal enterprises.

QUESTION SUBMITTED BY SENATOR PATRICK J. LEAHY

AIRPORT SCREENERS

Question. I understand the TSA has finished assessing how many screener positions—full- and part-time—are needed at each airport around the country and that 6,000 airport security jobs will be trimmed by the end of this fiscal year. What is the average percentage of cuts taking place at airports nationwide? And what is the percentage of cuts you expect at the Burlington International Airport in Vermont? In addition, did the cuts planned for Burlington take into account that bomb-detection machines are not yet in place at the airport?

Answer. Nationwide, the percentage reduction of passenger and baggage screeners is 11 percent. To screen passengers' baggage at BTV, all baggage screening equipment has been deployed and the screener workforce at the airport has been hired and fully trained to provide the proper operation of this equipment. TSA has taken into account BTV's recent receipt of twelve additional Electronic Trace Detection machines. TSA is concluding a second round of modeling to determine final screener staffing numbers for each airport.

SUBCOMMITTEE RECESS

Senator COCHRAN. Mr. Secretary, we appreciate very much your cooperation with our subcommittee. We had planned to continue to review the fiscal year 2004 budget request for the Department of Homeland Security on Thursday, with witnesses being the Commissioner of the Bureau of Customs and Border Protection, the Administrator of the Transportation Security Administration, and the Director of the Federal Law Enforcement Training Center, but because of schedule conflicts my intention now is to try to reschedule that hearing for next week. We will make an announcement about our next hearing as soon as possible.

Senator BYRD. Senator, do I understand you, Mr. Chairman, to say that the Thursday meeting this week may be rescheduled?

Senator COCHRAN. Yes, sir. We will try to reschedule that hearing for next week.

Senator BYRD. I'm glad you're doing that, because the Armed Services Committee is marking up the DOD authorization bill at the same time Thursday morning that the subcommittee had planned that hearing.

Senator COCHRAN. I thank you for advising me of that conflict. The subcommittee will stand in recess.

[Whereupon, at 11:52 a.m., Tuesday, May 6, the subcommittee was recessed, to reconvene subject to the call of the Chair.]

DEPARTMENT OF HOMELAND SECURITY APPROPRIATIONS FOR FISCAL YEAR 2004

TUESDAY, MAY 13, 2003

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

The subcommittee met at 10:02 a.m., in room SD–192, Dirksen Senate Office Building, Hon. Thad Cochran (chairman) presiding.

Present: Senators Cochran, Specter, Domenici, Byrd, and Murray.

DEPARTMENT OF HOMELAND SECURITY

STATEMENTS OF:

ROBERT C. BONNER, COMMISSIONER, CUSTOMS AND BORDER PROTECTION BUREAU

ADMIRAL JAMES M. LOY, ADMINISTRATOR, TRANSPORTATION SECURITY ADMINISTRATION

CONNIE L. PATRICK, DIRECTOR, FEDERAL LAW ENFORCEMENT TRAINING CENTER

OPENING STATEMENT OF SENATOR THAD COCHRAN

Senator COCHRAN. The hearing will please come to order.

Today our subcommittee on Homeland Security Appropriations continues its hearings on the President's budget request for fiscal year 2004 for the Department of Homeland Security.

This morning, our panel consists of three components of the new Border and Transportation Security Directorate. These include the Bureau of Customs and Border Protection, the Transportation Security Administration, and the Federal Law Enforcement Training Center.

We are very pleased to welcome our witnesses this morning: the Commissioner of the Bureau of Customs and Border Protection, the Honorable Robert C. Bonner; the Administrator of the Transportation Security Administration, Admiral James M. Loy; and the Director of the Federal Law Enforcement Training Center, Ms. Connie Patrick.

There is another bureau of the Border and Transportation Security Directorate, which is going to be headed by Michael Garcia, but he has not yet been confirmed as the head of the Bureau of Immigration and Customs Enforcement. No witness was available for the Office for Domestic Preparedness which is also under the directorate.

We appreciate your cooperation with our committee, and your being here this morning to discuss the budget request for those ac-

tivities under the jurisdiction of your agencies. We appreciate the fact that this is a new undertaking for some of you in connection with the Department of Homeland Security. Others, such as Admiral Loy and Mr. Bonner, have had experiences in those agencies, and we appreciate the fact that the President and Secretary Ridge have attracted a very talented and capable team to run this new Department of Homeland Security.

It is immensely important, the work that is to be done by this directorate and the Department, and we are going to carefully consider the President's request and hope that we will be able to make the correct judgments on allocating the limited amount of funding that is available to our subcommittee.

The budget resolution that was adopted limits the amount of money that can be spent. And, it is our job to try to identify the priorities and to make sure that the money is being spent efficiently and in a thoughtful way to protect the security of our homeland.

It is a pleasure, too, as we draw to a close with our hearings for this year to work with my good friend, Robert Byrd, the distinguished Senator from West Virginia, who is the ranking member of the full Committee on Appropriations and chose to assume the responsibility as the ranking member on this subcommittee.

I think it indicates the seriousness of the subjects that we are dealing with on this subcommittee, and we appreciate his assistance and work with us as we carry out our responsibilities.

Senator Byrd.

STATEMENT OF SENATOR ROBERT C. BYRD

Senator BYRD. Mr. Chairman, I thank you for your overly charitable remarks concerning me. I am grateful for the opportunity to serve with you on this committee. You run a tight ship. You are fair and I consider it a real privilege to be associated with you in this committee.

I know of no Senator with whom I could have a greater rapport and a better working relationship. I join you in welcoming our witnesses to today's hearings. You represent three of the four major bureaus that comprise the Border and Transportation Security Directorate. All of them have a critical role to play in securing our homeland and the subcommittee looks forward to hearing from them and to working with them.

The terrorist attacks in Saudi Arabia overnight are a grim reminder that there are people in this world who have as their aim the destruction of America and the death of its citizens. It is a sobering morning.

These agencies, this department, and, in fact, this subcommittee share the duty to do everything possible to prevent such attacks from happening within these shores. This subcommittee will provide the resources to protect the Nation. It is the job of this department to carry out that mission to the best of its capabilities.

Commissioner Bonner has performed ably in his leadership of the former U.S. Customs Service. I am pleased that he is continuing that performance at the Department.

Director Patrick is relatively new to her role in leading the Federal Law Enforcement Training Center, but she has demonstrated

her appreciation of the task of training our varied law enforcement personnel.

Admiral Loy did a superb job when he was at the Coast Guard, and I appreciate his taking on the daunting task of establishing a Transportation Security Administration. However, I am troubled that well into the 8 year—8 month of the fiscal year, despite a significant shortfall in funding, that Congress has yet to receive the spending plan for his agency for this fiscal year.

How can we inquire about his agency's plans for the next fiscal year when we have yet to receive information about the current fiscal year? I am well aware that the agency is facing a budgetary shortfall for this year. And Admiral—and the admiral is being forced to make difficult decisions, including the laying off of thousands of airport screeners.

Many members of this subcommittee, including myself, we are troubled by the allocation of those cuts. I am disappointed that the administration and the OMB have not supported our efforts to assist you, Admiral, in bridging your funding gap.

However, this problem must not be fixed—and I put fixed—I say fixed with quotation marks around it. This problem must not be fixed by reallocating funds, which the Congress has directed to be spent on specific programs. Congressional direction must be respected.

Congress passed several appropriation bills directing that this agency take certain steps. The President signed those bills into law. In addition, the Homeland Security Act directs that funds transferred to the new Department be used for the purposes for which they were appropriated. These laws must be respected.

I understand that you are in a very difficult position. You have a demanding and important job to do. And we will do what we can on this subcommittee under the chairmanship of Senator Cochran to provide you with the resources you need to meet your mission.

I only hope that the green eyeshade set downtown is listening. We cannot secure the homeland on the cheap. Either we are serious about protecting our borders and our transportation systems, or we are merely engaged in a public relations exercise.

In addition, as I expressed last week when Under Secretary Hutchinson was before this subcommittee, I am concerned that the budget for the Transportation Security Administration appears to focus the limited resources only on aviation security, virtually to the exclusion of other transportation systems. Our port, our rail, and other transportation systems are also vulnerable to attack.

And I am committed to doing everything that I can to address each of these vulnerabilities. I look forward to the testimony this morning, Mr. Chairman, and thank you again.

Senator COCHRAN. Senator Domenici, welcome to the meeting of this subcommittee.

Senator DOMENICI. Thank you, Mr. Chairman.

Senator COCHRAN. I am happy to recognize you for any opening statement you would like to make.

STATEMENT OF SENATOR PETE V. DOMENICI

Senator DOMENICI. I appreciate it, just a brief opening statement, if you would.

First, I would like to welcome the commissioner, and Admiral Loy, and Director Patrick.

We are all aware of the events of September 11, and now the more recent events, and we know we have a very difficult job ahead of us. We must rethink how we do business and how, in doing so, to reorganize our government to meet the challenges of the future. I believe we have accomplished the first two steps in passage of the homeland security bill.

The next step will be—internal to the Homeland Security Department, to bring together all of the pieces of the puzzles to make sure that all of the pieces fit.

It will be our job in this committee to supply you with any of the missing pieces, including personnel, equipment, and authorities to do your job properly. I look forward to working with you—with all three of you in this new Department.

I would like to highlight just a few areas. First, the area I would like to touch upon is border operations. As a Senator from a border State, I will work with you, Commissioner Bonner, to make sure that you get the proper tools you need to do this job.

It has been 17 years since the Federal Government launched a major effort to upgrade the United States' borders, and that effort focused only on the southwest border. I have just introduced, with many co-sponsors, a border infrastructure and technology modernization act.

This new bill focuses on the borders of both Canada and Mexico. The bill has dual goals of facilitating the efficient flow of trade, while meeting the challenges of increased security requirements.

It will include more funding for equipment at our land borders, additional funding for personnel, funding for training, and additional funding for industry-business partnership arrangements along the border.

The future of our border successes lie in modernizing these ports of entry, including new modern technology so that they are the most modern; not the archaic, ancient border crossings that we now have in many places. It is important for the border enforcement agencies of the new Department to work with the private sector on both sides of the border and reward those partners who adopt strong internal controls designed to defeat terrorist access to our country.

My second interest lies in the Federal Law Enforcement Training Center, FLETC. It was important that the Federal Law Enforcement Training Center was transferred to the new department. It is your job to make sure that the transition of that bureau of the Treasury Department to the Homeland Security Department goes smoothly. It is my understanding that there will be tremendous need for training new officers, as well as cross-training and advanced training of current employees.

A few thoughts on FLETC. The DHS needs to catalog all of the Department training activities and facilities. It must develop short- and long-term plans and analyze agency needs and maximize the use of current facilities, and project future capacity needs.

It is very important that Homeland Security use the proven resources of FLETC before using non-FLETC facilities. I know that FLETC has an ancillary facility in my State, and you know about

it too, at Artesia, New Mexico. It is growing. It is new, and it is playing a very important role. I hope that it will continue to operate as an integral part of your mission.

I have a third interest that I will just briefly mention and call it domestic air cargo security. I only mention it because I am hopeful that those in charge of it will make use of the great capacity of our national laboratories at Sandia and Los Alamos and Lawrence Livermore, in helping make this transport of domestic air cargo and security as easy as possible, and as modern as possible as quickly as possible.

Thank you very much, Mr. Chairman.

Senator COCHRAN. Thank you, Senator, for your statement and your contribution to the work of this subcommittee.

Senator Murray, I am happy to recognize you for any opening statement that you would like to make.

STATEMENT OF SENATOR PATTY MURRAY

Senator MURRAY. Mr. Chairman, thank you. I just want to welcome all of our witnesses. Let me just say that this is a very important hearing, because we all know the importance of security since September 11 obviously, but we also know the economic impacts of the decisions we make in balancing that.

PREPARED STATEMENT

And my State is extremely important. We are the number one trade State in the Nation and we want to make sure our borders are secure, that our ports are secure, but that we impact the flow of commerce as little as possible, because it is having a severe impact on our State as we struggle with the economy. So I do have a number of questions to ask both Mr. Bonner and Admiral Loy in that time period.

Senator COCHRAN. Thank you very much, Senator.

The subcommittee has received a statement from Senator Campbell which will be inserted in the record.

[The statement follows:]

PREPARED STATEMENT OF SENATOR BEN NIGHTHORSE CAMPBELL

Thank you Mr. Chairman and I'd like to thank our witnesses for taking the time to come talk to us today.

My constituents in Colorado, as well as the entire Nation, are looking toward this Committee to provide the necessary funds to protect those who travel our country's skies, seas, railways, and roads. The three of you here today are responsible for ensuring the safety of our borders, the security of our skies, and for training the personnel needed to perform these duties. Not an easy task for any of you, but I look forward to working with all of you to meet these challenges and to ensure that our Nation's priorities are well balanced.

While I commend you all for the advancements made in our Nation's security infrastructure, there are a few concerns I have about possible loopholes that remain in the security network. There have been many questions as to whether or not our focus on security is appropriately balanced in the right areas to prevent additional terrorist attacks. Our borders, for instance, while more closely watched than they were a few years ago, still need to be better patrolled, both in the north and the south.

Security at airports nationwide has improved, though efforts have focused mainly on passengers and their luggage. Loopholes still exist in the air transportation of cargo. I also believe that loopholes still exist with fixed-base operations, or FBO's, as they are called. My concern is that literally just anyone can get on a private aircraft carrying whatever they want and go wherever they please.

Port security is no less frightening. About 95 percent of U.S. imports come by container ship and there are over 2,500 of these ships at sea. Once these containers come off the boats, the can be driven anywhere by anyone with a CDL license or placed on a train to any point in the United States. While Colorado has no such ports, as the Senate's only CDL-licensed member, I know how easily these containers can move across the country as soon as they are off-loaded from the ships.

The protection of our borders and shorelines is imperative to our country's economy which is dependent on travel and the easy mobility of commerce. Additionally, the people of the United States deserve the ability to move about our Nation in a safe and secure manner.

I believe that we have made major advancements very quickly by upgrading our security procedures, response plans, and better training personnel to react and respond in times of need. This is very important as no issue is more paramount to me and this committee than the safety of the American people.

Again, thank you, Mr. Chairman. I look forward to hearing the testimonies of our guests and I will have a number of questions to ask at the appropriate time.

Senator COCHRAN. I think we will hear opening statements from each of the witnesses before we get into questions, and we would encourage you to make summary statements of your printed statements. We have those statements. We thank you for them and they will be printed in the record in full.

Mr. Bonner, we will start with you. Mr. Bonner is the Commissioner of the Bureau of Customs and Border Protection.

STATEMENT OF COMMISSIONER ROBERT C. BONNER

Mr. BONNER. Thank you, Chairman Cochran and Senator Byrd, Senator Domenici, Senator Murray. I am pleased to appear before you today to discuss the Customs and Border Protection and the President's 2004 budget request for this new agency within the Department of Homeland Security.

As you know, on March 1, just 2½ months ago, customs inspectors of the former U.S. Customs Service, immigration inspectors of the former INS, agricultural inspectors formerly with the Animal and Plant Health Inspection Service of the Agriculture Department, and the entire Border Patrol, merged to form the new Bureau of Customs and Border Protection within the Department of Homeland Security. This means, by the way, that about one-half of all the personnel of the former INS are now part of the Bureau of Customs and Border Protection.

Customs and Border Protection is certainly the largest and, I believe, perhaps the most profound actual reorganization taking place as a result of the creation of the Department of Homeland Security.

The creation of Customs and Border Protection means that now for the first time in our country's history, all agencies of the United States Government with significant border responsibilities are unified into one agency of our Government, into one border agency. When combined with the customs trade, revenue, and support functions, the new agency, Customs and Border Protection, has a requested budget of $6.7 billion and 41,000 FTE, and that means that Customs and Border Protection personnel are over one-fifth of the entire personnel of the Department of Homeland Security, which is a reflection, I believe, of how important the security of our borders is to the security of our homeland.

For the first time, we are now able to take a holistic view of our Nation's borders and to devise a comprehensive strategy for the ports of entry and, indeed, for the entirety of our Nation's border,

because now one agency, not multiple agencies, is responsible for the management of our country's borders.

By unifying the border agencies, a good government reform advocated in many studies over the past 30 years, I am convinced that we will be far more effective and efficient than we were when border responsibilities were fragmented among four different agencies and three different departments of our Government as they were prior to March 1 of this year.

I have already moved to unify the management of all of the inspectional personnel at our border ports of entry by designating one port director to be in charge of all of the inspectional functions, customs, immigration, and agriculture at each of the 307 ports of entry of the United States. And I have put in place a full-time transition management office to focus on achieving a fully unified agency as rapidly as possible.

I also have put into place a clear and understandable chain of command, from the port directors at all of our 300-plus ports of entry to Customs and Border Protection Headquarters, and similarly have established a clear and short chain of command for the Border Patrol into Customs and Border Protection Headquarters.

The priority mission of Customs and Border Protection is homeland security. And for a border agency, that means nothing less than preventing terrorists and terrorist weapons from entering our country. That is the priority mission of Customs and Border Protection, plain and simple.

And we need to perform that priority mission without stifling the flow of legitimate trade and travel. We do this, in part, by pushing our border out, extending our zone of security beyond our physical borders. We must also accomplish our priority mission while continuing to perform the many very important traditional missions of Customs and Border Protection.

Support from Congress through the fiscal year 2002 supplemental and the 2003 budget has put us in a very good position to carry out our priority and traditional missions. Our total program increase for fiscal year 2004 is $338 million. And that funding will help us to develop and expand our "smart border" initiatives like the Container Security Initiative, our overseas program for identifying and prescreening high-risk containers before they leave foreign ports for ports of the United States. I want to thank the committee members for their support of this initiative in fiscal year 2003.

Since I announced the Container Security Initiative just over a year ago, a total of 15 countries representing 18 of the top 20 foreign container ports have agreed to implement the Container Security Initiative with us.

The 2004 funding we are requesting will enable us to expand the program to other foreign ports beyond the top 20. Our funding request will also support expansion of the Customs-Trade Partnership Against Terrorism, a program in which we partner with the private sector to protect the entire supply chain against potential exploitation by terrorists.

So, Mr. Chairman, this new agency, I can tell you, faces two great challenges. One is merging the border agencies, which we are

in the process of doing; and secondly, fulfilling our priority and our traditional missions.

But now that all the border agencies have been unified into Customs and Border Protection, we are in a better position to accomplish those goals. And with the continued support of the President, and the leadership of Secretary Ridge and Under Secretary Hutchinson, and the support of this committee, and the Congress, I am confident that Customs and Border Protection will play a major role in the Department of Homeland Security by better securing our borders against the terrorist threat.

PREPARED STATEMENT

Mr. Chairman, I thank you for the opportunity to testify and I would be happy to answer any questions that the members might have.

Senator COCHRAN. Thank you very much, Mr. Bonner, for your statement.

[The statement follows:]

PREPARED STATEMENT OF ROBERT C. BONNER

Introduction and Overview

Chairman Cochran, Ranking Member Byrd, Members of the Subcommittee, it is a privilege to appear before you today to discuss Customs and Border Protection's 2004 budget request—the first ever budget request for this new agency in the Department of Homeland Security.

As you know, on March 1, 2003, immigration inspectors from the Immigration and Naturalization Service (INS), agricultural inspectors from the Animal and Plant Health Inspection Service (APHIS), customs inspectors from U.S. Customs Service, and the entire Border Patrol merged to form the Bureau of Customs and Border Protection—BCBP—within the Border and Transportation Security (BTS) Directorate of the Department of Homeland Security. Now, for the first time in our country's history, all agencies of the United States government with significant border responsibilities have been brought under one roof. With our combined skills and resources, we will be far more effective than we were when we were separate agencies. I was honored to be appointed by the President to serve as the Commissioner of U.S. Customs in September 2001, and now I have the great privilege of serving as the first Commissioner of BCBP.

I want to thank Congress for the focus and support it provided in creating the new Department of Homeland Security, and the new Customs and Border Protection agency within that Department. As the head of BCBP, I look forward to working with you to ensure that BCBP successfully achieves its critical mission.

The priority mission of BCBP is to prevent terrorists and terrorist weapons from entering the United States. That extraordinarily important priority mission means improving security at our physical borders and ports of entry, but it also means extending our zone of security beyond our physical borders—so that American borders are the last line of defense, not the first line of defense. And we must do this while continuing to perform our traditional missions well—the combined missions of Customs, immigration, and agriculture inspectional officers at our borders, as well as the Border Patrol. In sum, the BCBP's missions include apprehending individuals attempting to enter the United States illegally; stemming the flow of illegal drugs and other contraband; protecting our agricultural and economic interests from harmful pests and diseases; protecting American businesses from theft of their intellectual property; and regulating and facilitating international trade, collecting import duties, and enforcing U.S. trade laws. We must perform our all important security mission without stifling the flow of legitimate trade and travel that is so important to our Nation's economy.

Support from Congress through the fiscal year 2002 Supplemental and the fiscal year 2003 budget has put us in good stead to carry out our mission. The President's total program increase request for BCBP in fiscal year 2004 is $338,183,000. These funds will help BCBP fulfill its mission-critical responsibilities, first and foremost of which is preventing terrorists and terrorist weapons from entering the United States. These funds will continue to support the automation and information tech-

nology programs that will improve overall operations of the agency, and the traditional missions for which BCBP is responsible.

Key program increases BCBP is requesting in its fiscal year 2004 budget include:

—$61,754,000 for the Container Security Initiative, which will support continued operation and expansion of the program, including the stationing of BCBP personnel in additional key international ports to examine high-risk cargo before it is placed on ships bound for the United States;

—$16 million for the Customs-Trade Partnership Against Terrorism and the Free and Secure Trade Program to increase supply chain security and expedite the clearance of legitimate trade; and

—$57.8 million for deployment of additional Non-Intrusive Inspection (NII) technology to increase our ability to detect conventional explosives, nuclear weapons, radioactive components, and other weapons of mass destruction.

In my statement, I will discuss these programs and others, and how BCBP uses and will continue to use them to accomplish its mission. I would like to begin, though, with a brief update for the Subcommittee on the status of the standup of BCBP.

Standup of Customs and Border Protection

On March 1st, approximately 40,000 employees were successfully transferred from the U.S. Customs Service, the Immigration & Naturalization Service, and the Animal and Plant Health Inspection Service to the new Customs and Border Protection agency in the Department of Homeland Security. Each of the agencies merging into BCBP worked closely to effect the transfer. Prior to and after the standup of the agency on March 1st, Under Secretary Hutchinson and I both traveled around the country to talk with employees of BCBP. I am pleased to report that there is a high level of enthusiasm, dedication, and commitment to the Department of Homeland Security and to BCBP's mission. The men and women of BCBP are ready, willing, and able to do their part to protect our Nation.

Secretary Ridge, Under Secretary Hutchinson and I have established clear, understandable chains of command for all BCBP personnel, and have directed that operations not be interrupted. To this end, effective March 1, 2003, twenty interim Directors of Field Operations (DFOs) were appointed, based on the twenty-office field structure of U.S. Customs, to exercise line authority over 317 ports of entry within their jurisdiction. At each of the ports of entry—land, sea, and air—interim Port Directors were appointed to be in charge of and responsible for all the BCBP inspection functions, customs, immigration, and agriculture. A clear chain of command was also established for the Border Patrol, with the Border Patrol's twenty-one Sector Chiefs reporting directly to the Chief of the Border Patrol, who reports to me.

This is the first time there has been one person at each of our Nation's ports of entry in charge of all Federal Inspection Services. We are in the process of competitively selecting individuals to fill these DFO and Port Director positions on a permanent basis, and that process should be completed in the near future. In addition, a full-time Transition Management Office has been put in place to help address the challenges that come from the standup of any new organization. That office is staffed with representatives from all the incoming agencies.

Responding to the Terrorist Threat

As the single, unified border agency of the United States, BCBP's mission is vitally important to the protection of America and the American people. In the aftermath of the terrorist attacks of September 11th, numerous initiatives were developed to meet our twin goals of improving security and facilitating the flow of legitimate trade and travel. Funds from the fiscal year 2004 budget will help us expand those initiatives to ensure further protection of both the American people and the American economy. Our strategy in implementing these initiatives—and accomplishing our twin goals—involves a number of factors, including (A) improving targeting systems and expanding advance information regarding people and goods, (B) pushing our "zone of security outward" by partnering with other countries, (C) pushing our "zone of security outward" by partnering with the private sector, (D) deploying advanced inspection technology and equipment, (E) increasing staffing positions for border security, and (F) working in concert with other agencies.

TARGETING AND THE NECESSARY OF ADVANCE INFORMATION

Information is one of the most important keys to our ability to increase security without stifling legitimate trade and travel. Good information enables us to more accurately identify—or target—what is "high risk," defined as a potential threat, and what is low risk or absolutely no risk whatsoever. The separation of high risk from no risk is critical because searching 100 percent of the cargo and people that

enter the United States would unnecessarily cripple the flow of legitimate trade and travel to the United States. What is necessary and advisable is searching 100 percent of the high-risk cargo and people that enter our country. To do this, we need to be able to identify what is high risk, and do so as early in the process as possible. BCBP has several programs and initiatives that help us accomplish that task.

National Targeting Center (NTC)

The National Targeting Center (NTC), created last year with fiscal year 2002 Emergency Supplemental funding, has significantly increased our overall capacity to identify potential terrorist threats by providing centralized, national targeting of passengers and cargo for the first time. NTC inspectors and analysts use a sophisticated computer system to monitor, analyze, and sort information gathered by BCBP and numerous intelligence and law enforcement agencies against commercial border crossing information. By mining the information in that system, NTC personnel identify potential terrorists and terrorist targets for increased scrutiny at the border ports of entry. When NTC personnel identify potential threats, they coordinate with our officers in the field and monitor the security actions that are taken. Because multiple agencies both contribute information to the National Targeting Center and rely on it for information, the Center assures a coordinated and centralized response to potential threats.

Automated Targeting System (ATS)

The Automated Targeting System (ATS), which is used by NTC and field targeting units in the United States and overseas, is essential to our ability to target high-risk cargo and passengers entering the United States. ATS is the system through which we process advance manifest and passenger information to pick up anomalies and "red flags" and determine what cargo is "high risk," and therefore will be scrutinized at the port of entry or, in some cases, at the foreign port of export.

In fiscal year 2002, we implemented a domestic targeting initiative at all U.S. seaports using the Automated Targeting System. Under that initiative, all manifests for ocean going cargo destined for the United States are processed through ATS and reviewed by trained personnel. When high-risk shipments are identified, inspectional officers at U.S. seaports conduct standardized security inspections on those shipments. Importantly, the goal is to inspect 100 percent of the high-risk sea cargo. We are already working on putting the same system in place for cargo transported by truck through the land border ports of entry.

Furthermore, in April 2002, USDA National Information Technology Center (NITC) received access to ATS. ATS now receives complete Customs data feed for all ports, with all bills and entries of agricultural interest.

24-Hour Rule

Common sense tells us that the earlier in the process that we have information, the more effective and efficient we can be in using that information to identify high-risk cargo and eliminate potential threats before they have a chance to reach our ports of entry.

To that end, last year, a final advance manifest regulation—the so-called "24-hour rule"—was issued to require the presentation of accurate, complete manifest information on oceangoing cargo destined for the United States 24 hours prior to loading of a container on board a vessel at the foreign port. The regulation also improves the quality of information presented by prohibiting the vague descriptions of cargo such as "FAK" (Freight All Kinds). The data is processed through the ATS system, and reviewed by the NTC to identify high-risk oceangoing cargo.

On February 2, 2003, a strategy was undertaken to ensure compliance with the 24-hour rule, following a 90-day grace period to permit the trade to adjust its business practices. The compliance strategy has involved, for the first time, issuing "no-load" orders and denying permits to unlade in the event of non-compliance. Compliance with the rule is high, and we are receiving more and better information through our Automated Manifest System (AMS) significantly earlier in the process. This greatly improves our ability to detect, deter, and eliminate potential terrorist threats involving sea cargo before they become a reality.

Trade Act of 2002—Advance Information on Other Modes

Successful targeting of high-risk goods transported through other commercial modes is as important as successful targeting of high-risk goods transported by sea. As with oceangoing cargo, good information received earlier in the process is the key to that successful targeting and the application of sound risk management principles.

In the Trade Act of 2002, Congress recognized the importance of such advance information by mandating presentation of advance manifest data on all commercial modes, both inbound and outbound. BCBP is in the process of working through the consultative process called for in the Trade Act of 2002 to determine the most appropriate advance cargo data requirements for land, rail, and air cargo. We held public hearings in January, launching a process of discussion and proposal preparation that will ultimately lead to our issuing rules later this year. During this process, we have met continuously with all segments of the trade. This process will help us ensure that the final rules meet the security objectives of BCBP while also taking into account the realities of the businesses involved in the different transport modes.

Advance Passenger Information System

Advance information is also critical to our efforts to identify individuals who may pose a security threat. Before September 11th, 2001, air carriers transmitted information on international airline passengers in advance of their arrival to the Advance Passenger Information System (APIS) on a purely voluntary basis. Legislation enacted by Congress in late 2001 made submission of this information mandatory, and funds allocated from the fiscal year 2002 Supplemental and the fiscal year 2003 budget have enabled us to begin upgrading and expanding APIS and move to a mandatory program in a very short time. An informed, enforced compliance plan has resulted in 99 percent of all passenger and crew information (including those precleared outside the United States) now being transmitted through APIS in a timely and accurate manner.

PUSHING OUR ZONE OF SECURITY OUTWARD /PARTNERING WITH OTHER COUNTRIES

BCBP must do everything possible to advance and improve on our smart border initiatives and push our zone of security outward—that is, to make our borders the last line of defense instead of the first line of defense. We have done this on a far reaching basis by partnering with other countries on our Container Security Initiative, one of the most significant and successful initiatives developed and implemented after 9–11. We are also extending our zone of security through partnerships with Canada, our neighbor to the north, and Mexico, our neighbor to the south. Those partnerships enable us jointly to better secure the North American perimeter.

Container Security Initiative (CSI)

Oceangoing sea containers represent the most important artery of global commerce—some 48 million full sea cargo containers move between the world's major seaports each year, and nearly 50 percent of all U.S. imports (by value) arrive via sea containers. Approximately 6 million cargo containers arrive at U.S. seaports annually. Because of the sheer volume of sea container traffic and the opportunities it presents for terrorists, containerized shipping is uniquely vulnerable to terrorist attack.

In January, 2002, the Container Security Initiative (CSI) was unveiled to address this threat. Under CSI, which is the first program of its kind, we are identifying high-risk cargo containers and partnering with other governments to pre-screen those containers at foreign ports, before they are shipped to our ports.

The four core elements of CSI are:

—First, identifying "high-risk" containers, using ATS and the 24-hour rule, before they set sail for the United States

—Second, pre-screening the "high-risk" containers at the foreign CSI port before they are shipped to the United States

—Third, using technology to pre-screen the high-risk containers, including both radiation detectors and large-scale radiographic imaging machines to detect potential terrorist weapons.

—Fourth, using smarter, "tamper-evident" containers—containers that indicate to BCBP officers at the port of arrival whether they have been tampered with after the security screening.

Since CSI was announced in January 2002, the program has generated exceptional participation and support. The goal for the first phase of CSI was to implement the program at as many of the top 20 foreign container ports—in terms of volume of cargo containers shipped to United States seaports—as possible, and as soon as possible. Those ports account for nearly 70 percent, over two-thirds, of all cargo containers arriving at U.S. seaports. Within 1 year of our announcement of CSI, the governments representing 18 of the top 20 ports agreed to implement CSI, and those governments where the remaining two ports are located have expressed support for the initiative and a desire to participate. CSI has been implemented and is already operational in Le Havre, France; Rotterdam, the Netherlands; Antwerp,

Belgium; Bremerhaven and Hamburg, Germany; Felixstowe, England; Yokohama, Japan; and Singapore, the largest container transshipment port in the world. We are also operational at the Canadian ports of Halifax, Montreal, and Vancouver, and will be operational in Hong Kong this month. CSI will be operational at other CSI ports soon.

We are in the process of formulating the second phase of CSI. Under CSI Phase II, we will implement the CSI program at other foreign ports that ship a significant volume of cargo to the United States, and that have the infrastructure and technology in place to support the program. We have already signed CSI agreements with Malaysia and Sweden, covering the two major ports of Malaysia and Gothenburg, Sweden, the main container port for the Nordic countries. To date, a total of 15 countries (including Canada) have agreed to implement CSI with us, and at least 7 other countries that qualify have already expressed a desire to join. Once we have Phase II implemented, we anticipate that CSI will cover approximately 80 percent of the containers coming to the United States.

I want to express my gratitude to the Committee members for their support of CSI in fiscal year 2003. With the $62 million increase in funding that we are requesting for CSI in fiscal year 2004, we will complete implementation in the top 20 ports, and expand CSI to other ports around the world. In fiscal year 2004, BCBP will also continue to pursue ongoing multilateral initiatives to enhance container security.

Partnership with Canada

Since the terrorist attacks of September 11, 2001, we have worked closely with Canada to develop and implement initiatives that increase security and facilitate travel and trade at our shared 4,000 mile border. Many of these initiatives have been implemented under the Smart Border Declaration entered into between the United States and Canada in December 2001. This Declaration focuses on four primary areas: the secure flow of people; the secure flow of goods; investments in common technology and infrastructure to minimize threats and expedite trade; and coordination and information sharing to defend our mutual border. By benchmarking our security measures and sharing information, we are able to relieve pressure and congestion at our mutual land border.

In-Transit Container Targeting Program

One example is the In-Transit Container Targeting Program, which served as a model for the CSI program. Under this program, Canadian inspectors are stationed at our seaports in Newark and Seattle, and BCBP officers are stationed at Halifax, Montreal, and Vancouver. Our personnel are helping to target and pre-screen cargo containers arriving at Canadian seaports that are in transit to the United States, and Canadian Customs and Revenue Agency inspectors are doing the same at U.S. seaports for shipments in transit to Canada. Approximately $2.4 million in 2002 and 2003 funding has enabled us to develop and implement this program.

Free and Secure Trade (FAST)

Another of these initiatives is the Free and Secure Trade, or FAST, program. Through FAST, importers, commercial carriers, and truck drivers who enroll in the program and meet our agreed to security criteria are entitled to expedited clearance at the Northern Border. Using electronic data transmission and transponder technology, we expedite clearance of approved trade participants. The FAST program fosters more secure supply chains, and enables us to focus our security efforts and inspections where they are needed most—on high-risk commerce—while making sure legitimate, low-risk commerce faces no unnecessary delays.

FAST was announced by President Bush and Prime Minister Chretien in Detroit in September 2002, and it is currently operational in 27 lanes at six major crossings along the northern border. Eventually FAST is projected to expand to all 25 commercial centers located throughout the northern border. The increase of approximately $3.9 million that we are requesting for the FAST program in fiscal year 2004 will enable us to expand FAST on the northern border, as well as develop and implement a pilot similar to FAST on the southern border with Mexico.

NEXUS

With Canada, we have also implemented a program that enables us to focus our resources and efforts more on high-risk travelers, while making sure those travelers who pose no risk for terrorism or smuggling, and who are otherwise legally entitled to enter, are not delayed at our mutual border. This is the NEXUS program, under which frequent travelers whose background information has been run against crime and terrorism indices are issued a proximity card, or SMART card, allowing them to be waived expeditiously through the port of entry. NEXUS is currently oper-

ational at six crossings located at four major ports of entry on the northern border: Blaine, Washington (3 crossings); Buffalo, New York; Detroit, Michigan; and Port Huron, Michigan. We also recently opened a new NEXUS lane at the International Tunnel in Detroit. Some upcoming expansion sites for NEXUS include Niagara Falls, New York; Alexandria Bay, New York; and Pembina, North Dakota.

Partnership with Mexico

We have continued important bilateral discussions with Mexico to implement initiatives that will protect our southern border against the terrorist threat, while also improving the flow of legitimate trade and travel.

With respect to cargo crossing our border with Mexico, for example, some of the fiscal year 2004 funds we are requesting for the FAST program would be used to implement a pilot FAST program on the southern border. We also continue to work on a possible joint system for processing rail shipments and on shared border technology.

Another initiative is the SENTRI program. SENTRI is a program that allows low-risk travelers to be processed in an expedited manner through a dedicated lane at our land border with minimal or no delay. SENTRI is currently deployed at 3 southwest border crossings: El Paso, San Ysidro, and Otay Mesa, and expansion plans are being considered. In fact, our SENTRI team met with their Mexican counterparts last week to discuss expansion logistics.

PUSHING SECURITY OUTWARD /PARTNERING WITH THE PRIVATE SECTOR

Customs-Trade Partnership Against Terrorism

Any effort to "push our zone of security outwards" and protect global trade against the terrorist threat must include the direct involvement of the trade community. The Customs-Trade Partnership Against Terrorism, C–TPAT, is an initiative that was proposed in November 2001 began in January 2002, to protect the entire supply chain, against potential exploitation by terrorists or terrorist weapons. Under C–TPAT, companies sign an agreement with BCBP to conduct a comprehensive self-assessment of their supply chain security and to improve that security—from factory floor to foreign loading docks to the U.S. border and seaports—using C–TPAT security guidelines developed jointly with the trade community.

Companies that meet security standards receive expedited processing through our land border crossings, through our seaports, and through our international airports, enabling us to spend less time on low-risk cargo, so that we can focus our resources on higher risk cargo. C–TPAT is currently open to all importers, air, sea, and rail carriers, brokers, freight forwarders, consolidators, non-vessel operating common carriers (NVOCCs), and U.S. Marine and Terminal operators. As of October 1, 2002, C–TPAT eligibility for trucking companies along the U.S./Canada border has been made available through the Free and Secure Trade Program. (Participation in C–TPAT is a requirement for bringing goods from the United States into Canada through the FAST lane.) We are currently developing the mechanism and strategy to enroll foreign manufacturers and shippers into C–TPAT. The intent is to construct a supply chain characterized by active C–TPAT links at each point in the logistics process.

To date, over 2,200 companies are participating in C–TPAT to improve the security of their supply chains. Members of C–TPAT include 60 of the top 100 importers and 32 of the 50 largest ocean carriers. To make sure that C–TPAT is realizing its promise, BCBP is developing expertise in supply chain security. In December 2002, we began providing training in the security validation process to ten supervisory customs inspectors. In January 2003, these individuals started the validation process in cooperation with our C–TPAT partners.

We used $11 million in fiscal year 2002 and fiscal year 2003 funds to begin implementing C–TPAT. The $12.1 million funding increase we are requesting for C–TPAT in fiscal year 2004 will enable us to continue to expand the program, including adding new C–TPAT Security Officers and headquarters staff to help oversee the program.

DEPLOYMENT OF TECHNOLOGY, EQUIPMENT, AND SYSTEMS

BCBP depends on a broad range of technology and other tools to effectively inspect people and goods entering the country, including technology for detecting weapons of mass destruction, explosives, chemicals, and contraband. We are requesting a funding increase of $119.2 million to enable us to deploy a variety of additional inspection technology and equipment that will increase the number of inspections, improve security, minimize risks to our personnel, and facilitate processing.

Non-Intrusive Inspection Technology

For example, non-Intrusive Inspection (NII) technology provides for a more effective and efficient, as well as less invasive, method of inspecting cargo, compared with drilling or dismantling of conveyances or merchandise. NII equipment includes large-scale x-ray and gamma-ray imaging systems, portal radiation monitors, and a mixture of portable and handheld technologies to include personal radiation detection devices that greatly reduce the need for costly, time-consuming physical inspection of containers and provide us a picture of what is inside containers.

The Committees on Appropriations have generously funded NII in fiscal year 2002 and fiscal year 2003. Along with the amounts funded in those years, the $57.8 million we are requesting for NII technology in fiscal year 2004 will enable us to add radiation detection systems and isotope identifiers on the southwest border, radiation detection systems and Mobile Vehicle and Cargo Inspection Systems (VACIS) on the northern border, Mobile VACIS at seaports, isotope identifiers and x-ray equipment for international mail, and isotope identifiers at Express Courier hubs, as well as additional inspector positions for deploying and operating this equipment. This technology will detect anomalies and the presence of radiological material in containers and conveyances, with minimal impact to port operations in a fraction of the time it takes to manually inspect cargo. It will give BCBP a tactical edge in keeping weapons of mass destruction and instruments of terrorism from entering the United States.

Hardening of Northern Border

After the terrorist attacks of September 11th, efforts were stepped up to "harden"—to prevent unauthorized crossings of—the northern and southern land borders. In addition to staffing increases, the hardening of these ports of entry involved the installation of gates, signs, lights, and remote surveillance systems at ports of entry, many of them in remote locations, along the vast northern border with Canada. The Border Patrol also deployed additional agents to strategic locations along the northern border to aid in providing security and deterring future attacks.

Funding from fiscal year 2003 is enabling us to continue to improve the northern border infrastructure by deploying additional barriers, gates, and bollard systems; security lighting; secure communications (voice/data/messaging capabilities); signage addressing operational security; and video security systems. We will also continue bolstering Border Patrol staffing and technology between the northern border ports of entry in fiscal year 2004.

STAFFING

As important as our efforts to improve targeting, build partnerships with other countries and industry, and deploy technology are to preventing terrorism, these efforts simply cannot be effective if we do not have adequate staffing and training of inspectors, canine enforcement officers, and Border Patrol Agents at and between the border ports of entry to carry out our mission. The most important component of BCBP's success in protecting America and the American people lies in the men and women who work directly on our Nation's frontlines.

One need only recall that it was a Customs inspector, Diana Dean, who in December 1999 stopped and arrested an Al Qaeda terrorist from crossing into the United States from Canada with a trunk load of powerful explosives in his car. His mission, as we now know, was to blow up Los Angeles International Airport.

Inspector Dean relied on nothing but her training to pick up on Ahmed Ressam's nervous behavior, his unusual travel itinerary, and his evasive responses to her questions. And thanks to her skill and professionalism, and the skill and professionalism of her fellow inspectors at Port Angeles, Ressam was arrested and a deadly Al Qaeda terrorist plot to do great harm to American lives was foiled.

I am pleased to tell you that in fiscal year 2002, the number of new customs inspectors, canine enforcement officers, and special agents was more than doubled. Many of these new hires were able to relieve customs inspectors who had been sent to the northern border for temporary duty after the terrorist attacks of September 11, 2001, and to ameliorate the huge amounts of overtime being put in by U.S. Customs inspectors at our ports of entry.

1,025 new immigration inspectors were hired in fiscal year 2002, and the beginning of fiscal year 2003, 355 of whom have been specifically assigned to supplement northern border enforcement activities. The Border Patrol hired 2,050 new agents in fiscal year 2002, and, as of February 2003, a total of 560 Border Patrol Agents have been deployed all along the Northern Border. It is also worth noting that 125 additional Border Patrol agents and 4 Border Patrol helicopters have been rede-

ployed temporarily to the Northern Border in support of Operation Liberty Shield. We intend to have a total of 1,000 Border Patrol Agents deployed to the northern border this year.

Our fiscal year 2004 budget request includes an additional $13 million to continue to fund journeyman-level pay upgrades for Border Patrol Agents and Immigration Inspectors. Attrition rates for these positions are reaching crisis proportions, so it is essential that BCBP provide to them the upgrade from journeyman-level GS–9 to GS–11 that became effective for Customs Inspectors in August 2002.

I am extremely grateful for the strong support shown by Congress to implement critical staffing increases at and between our border ports of entry. I can assure you that because of them, our Nation is more secure. The standup of BCBP—and its integration of all the Federal Inspection Service (FIS) personnel under one roof—gives us the unprecedented opportunity to make America's frontline personnel even more effective and efficient in carrying out their duties. In fiscal year 2004, we will focus on achieving a unified agency and integrated operations at our ports of entry.

PARTNERSHIP WITH BUREAU OF IMMIGRATION AND CUSTOMS ENFORCEMENT

In performing our priority homeland security mission, BCBP will foster cooperative efforts with other agencies. Because the mission facing us has components that reach broadly into other agencies both within and outside of the Department of Homeland Security, such cooperation is essential to our success. This includes cooperation with, among others, the Bureau of Immigration and Customs Enforcement (BICE). Close cooperation between agents carrying out investigations and inspectors conducting inbound and outbound searches at the ports of entry is crucial for ensuring the continued success of operations that advance both our homeland security mission, and our traditional missions, including cooperation with respect to trade fraud, intellectual property rights violations, controlled deliveries of illegal drugs, and money laundering.

Automation/Information Technology

Mr. Chairman, no discussion of a successful strategy to protect the American people and the American economy in the 21st century would be complete without consideration of the central importance of automation and information technology to BCBP's mission. The Automated Commercial Environment (ACE) and International Trade Data System (ITDS) are BCBP's major automation/information technology efforts.

Automated Commercial Environment

ACE is an important project for BCBP, for the business community, for our country, and for the future of global trade. If done properly, it will reform the way we do business with the trade community. It will also greatly assist BCBP in the advance collection of information for targeting high-risk cargo to better address the terrorist threat. And in doing so, it will help us expedite the vast majority of low-risk trade.

The successful and timely design, implementation, and funding of ACE is a priority of BCBP. It has been and continues to be one of my top priorities as Commissioner. Increasing support from Congress and the Administration for ACE has been essential to the development of the new system. Funding of $130 million in fiscal year 2001 and $300 million in fiscal year 2002 allowed us to establish the fundamental design framework for ACE, and to begin developing user requirements for the new system, in concert with our prime contractor, the e-Customs partnership led by IBM. Funding of $307 million in fiscal year 2003 enabled us to continue development and begin to deliver on the first installment of ACE benefits to the trade community.

The development of ACE and the efforts to put its capabilities to work on America's borders has continued full throttle. Starting this year, BCBP and trade community users will receive initial online account capabilities. Ultimately, ACE will enhance border security and deliver efficiencies to the trade process by providing interagency information sharing, and real-time, cross-government access to more accurate trade information. By centralizing and integrating the collection and analysis of information, ACE will enhance BCBP's ability to target illicit cargo, illegal persons, and unsafe conveyances. The trade data will be analyzed prior to arrival, allowing advanced inter-agency assessment of risks and threats to determine which goods and people must be scrutinized. Results will determine if, upon arrival, a shipment is to be examined or cleared for release.

I want to thank Congress again for its past support of ACE. The continued support of ACE with $307 million in funding for fiscal year 2004 will enable us to keep pace with our schedule for ACE releases in 2003 and 2004.

International Trade Data System (ITDS)

One important, fully integrated component of ACE is ITDS. The ITDS initiative is an e-Government strategy being designed, developed, and deployed jointly with ACE that will implement an integrated, government-wide system for the electronic collection, use, and dissemination of the international trade transaction data required by the various trade-related federal agencies. It is customer-focused and will serve as the government's "single window" into international trade data collection and distribution. Significantly, ITDS will also improve risk assessment by providing pre-arrival data that allows border enforcement agencies to perform selectivity and targeting prior to arrival to assess risk and deploy inspection resources. Over 100 agencies will be integrated through ITDS with ACE, of which 48 have been identified as having admissibility and export control responsibilities at the border.

Through ACE, the ITDS will be capable of linking the government's law enforcement and other databases into one large-scale relational database that tracks all commerce crossing our borders. ITDS extends the functionality of ACE by bringing together critical security, public health, public safety, and environmental protection agencies under a common platform. That platform will allow businesses to report data through the use of a single, harmonized data set.

The $11.2 million we are requesting in the fiscal year 2004 budget for ITDS will allow us to continue to develop and implement ITDS, and keep us on schedule to have full functionality rolled out by winter 2006–2007.

Other Traditional Missions

Although BCBP's priority mission is preventing terrorists and terrorist weapons from entering the United States, we know that we must—and will—accomplish that priority mission while continuing to perform our traditional missions well. Included among those missions are our responsibilities for interdicting drugs at borders and points of entry, apprehending individuals who enter the United States illegally, regulating and facilitating international trade, and protecting U.S. agricultural and economic interests from harmful pests and diseases.

Drug Interdiction

Our counterterrorism and counternarcotics missions are not mutually exclusive, and one does not necessarily come at the expense of the other. The initiatives we put in place to prevent terrorists and terrorist weapons from entering the United States will enable us to be more effective in seizing other illegal contraband, including illegal drugs. And, it is worth noting that the lessons we have learned in our battle against international drug trafficking will help us in the fight against international terrorism. In many ways, our priority mission of preventing terrorists and terrorist weapons from crossing our borders is a natural outgrowth of our interdiction role.

Our heightened state of security along America's borders will strengthen, not weaken, our counternarcotics mission. As we add staffing for both inspectors at the ports of entry and Border Patrol Agents between the ports of entry, acquire more inspection technology, conduct more questioning of travelers, and carry out more inspections of passengers and goods in response to the terrorist threat, it should come as no surprise that drug seizures will increase as well. As an example heightened security along the southwest land border produced a dramatic rise in the amount of cocaine seized in fiscal year 2002, compared to fiscal year 2001. Overall the amount of cocaine seized rose 76 percent at the southwest land border stations. In addition, in fiscal year 2002, total Border Patrol narcotics seizures included over 1.2 million pounds of marijuana and over 14,000 pounds of cocaine.

Some specific recent examples of our successes against drug smuggling include:

—On March 23, 2003, BCBP inspectors seized 394 pounds of cocaine in Miami, Florida. The cocaine was found in false compartments in the plane walls and ceiling.

—On March 10, 2003, BCBP inspectors seized more than five tons of marijuana in Laredo, Texas. The load was valued at over $10 million.

—On March 13, 2003, Border Patrol agents seized 83.5 pounds of cocaine and 3,141 pounds of marijuana in Laredo, with a combined value of over $5 million.

—During the week of March 1, 2003, BCBP inspectors seized $2.4 million of narcotics at the Hidalgo/Pharr Port of Entry, including 559 pounds of marijuana, 74 pounds of cocaine, and 4.5 pounds of heroin.

Effective coordination between inspectors at the ports of entry and agents who carry out investigative activities is essential to the success of our counternarcotics mission. For that reason, BCBP will continue to cooperate closely with special agents in BICE to carry out this mission.

Apprehending individuals entering illegally between the ports of entry

The Border Patrol, now part of BCBP, is specifically responsible for patrolling the 6,000 miles of Mexican and Canadian international land borders and 2,000 miles of coastal waters surrounding the Florida Peninsula and the island of Puerto Rico. Their primary task is securing America's borders between official ports of entry. Foremost, the Border Patrol's mission is to provide for the national security of the United States by preventing the illegal entry of people, goods, and contraband across our borders. Secondly, Border Patrol operations are designed to detect, interdict, and apprehend those who attempt to illegally enter the United States or transport any manner of goods or contraband across our borders. The Border Patrol also maintains traffic checkpoints on highways leading from border areas, conducts city patrol and transportation checks, and carries out anti-smuggling investigations.

The Border Patrol executes its mission through a proper balance of agent personnel, enforcement equipment (such as a fleet of specialized aircraft and vehicles of various types), technology (such as sensors and night vision cameras), tactical infrastructure (such as roads and vehicle barriers), and intelligence and liaison efforts. Often the border area in which these efforts are brought to bear is a barely discernible line in uninhabited deserts, canyons, or mountains.

Although the scope of the Border Patrol mission has not changed since the terrorist attacks of September 11, 2001, enforcement efforts have been accelerated, to enhance Border Patrol presence along the northern border and to make clear that its priority mission—like BCBP's—is keeping terrorists and terrorist weapons from entering the United States. As we expand that presence on the northern border, it is also essential that we expand control of the southwest border.

In fiscal year 2001 and 2002, Border Patrol Agents apprehended a combined total of over 2 million people for illegally entering the United States. In fiscal year 2004, the Border Patrol will continue focusing on strengthening northern border security between the ports of entry; maintaining and expanding border enforcement capabilities on the southwest border, with primary focus on the Arizona corridor; and expanding and integrating technologies with other components of BCBP to support border control efforts.

Preventing individuals from entering illegally at the ports of entry

With respect to preventing individuals from entering the country illegally at the ports of entry, BCBP works with the Department of State to ensure BCBP inspectors have the tools they need to verify the identity of visa holders and the authenticity of visas issued by the Department of State. Data on holders of immigrant visas is transferred electronically to ports of entry. When the electronic record is updated to reflect an immigrant's admission at a port of entry, that data is transferred electronically to the Bureau of Citizenship and Immigration Services for production of a permanent resident card and creation of the immigrant file.

More importantly, beginning in 2002, immigration inspectors—now in BCBP—have had access to photographs and data transmitted electronically by the Department of State relating to holders of nonimmigrant visas. This permits inspectors to review visa application data and verify the identity of the holder. Senior BCBP and State Department staff met during the week of March 24 to reaffirm their commitment to these initiatives and to outline new goals for electronic data sharing that will expand the exchange of data between State and BCBP, and further enhance both the visa issuance and inspections process.

Regulating and facilitating international trade

BCBP maintains responsibility for regulating and facilitating legitimate international trade. With the right level of industry partnership and the right combination of resources, we can succeed not only in protecting legitimate trade from being used by terrorists, but also in actually building a better, faster, more productive system of trade facilitation for the U.S. economy. The Office of Trade Relations has helped ensure effective, extensive communication between U.S. Customs and all facets of the trade community. It remains a central point through which the trade community can convey issues to BCBP, especially the broad issues of how we do business together, and how we improve the security of our country against the terrorist threat.

Protecting U.S. agricultural and economic interests from harmful pests and diseases

An important part of BCBP is the agriculture border inspection program formerly in the Agriculture and Plant Health Inspection Service (APHIS). Thus, a significant part of BCBP's mission is preventing agricultural pests and diseases from crossing U.S. borders, either through intentional—possibly terrorist—acts, or through unintentional means. BCBP minimizes the threat of invasive species entering the United

States by conducting inspections of travelers and cargo at our ports of entry. We have revised the Customs Declaration as directed by the Committee. The global economy and free trade expansion have dramatically increased the volume of passengers and cargo arriving in the United States from foreign locations, and this has created an increased need for agriculture inspection resources. In addition, foreign animal diseases, such as Foot-and-Mouth Disease (FMD), that exist in other countries pose serious threats to our livestock industry and therefore require us to increase inspectional activities at our borders.

The President's fiscal year 2004 funding request will provide additional inspections and canine teams that will increase our effectiveness in preventing dangerous diseases and pests from entering the United States.

User Fees

User fees make up a significant portion of BCBP's budget. In fact, combined, they represent over $1 billion of our overall budget. An additional $1.1 billion in Merchandise Processing Fees is collected as an offset to our appropriations. In fiscal year 2003, we expect to collect $991 million in user fees, $305 million of which comes from fees established under the Consolidated Omnibus Budget Reconciliation Act (COBRA). We expect to collect $1.1 million in Merchandise Processing Fees in fiscal year 2003. The fiscal year 2004 budget request assumes that the fees established under COBRA, which expire at the end of the fiscal year 2003 will be reauthorized.

Conclusion

Mr. Chairman, Members of the Subcommittee, I have outlined a broad array of initiatives today that, with your assistance, will help BCBP to protect America from the terrorist threat while fulfilling our other traditional missions. We know that this new agency, BCBP, faces great challenges in merging the border agencies and in fulfilling both our priority and traditional missions. But, now that all the Federal Inspection Services and the Border Patrol have been unified in BCBP, under the Department of Homeland Security, we are in a far better position to meet those challenges and accomplish those goals. We will be far more effective working together, than we were as separate agencies in different departments. With the continued support of the President, DHS, and the Congress, BCBP will succeed in meeting the great demands placed upon it, and will play a key role—by better securing our border against the terrorist threat—in the Department of Homeland Security.

With your support for BCBP's 2004 budget request, we will be able to build this new agency, continue and expand our counterterrorism initiatives, and improve our efforts to protect America, the American people, and the American economy.

Thank you again for this opportunity to testify. I would be happy to answer any of your questions.

Senator COCHRAN. We will now hear from Admiral James M. Loy, Administrator of the Transportation Security Administration.

STATEMENT OF ADMIRAL JAMES M. LOY

Admiral LOY. Good morning, Senator Cochran, Senator Byrd, and members of the Subcommittee. First, let me offer my condolences to the Senate on the loss of Senator Long. I know that long-serving, distinguished member is on all of your minds this morning.

Mr. Bonner and Director Patrick, they both work tremendously in our new Department of Homeland Security and I am proud to sit with them here this morning. I am pleased to testify this morning and allow me to congratulate each member on their assignment to this enormously important committee. As we work together today, we still are at war, both overseas and here at home as we try to understand and cope with this 9/11 security environment.

We need look no further than today's headlines, as Senator Byrd has reminded us, the truck bombs in Riyadh, Saudi Arabia, let alone the TOPOFF exercise that is being run in Seattle and Chi-

cago. This is today's business, and we are in the midst of it. Thank you, sir.

The global war on terrorism is a frightening notion to many Americans, because we know so little about this new enemy with no flag and no borders, but with a hatred that truly seems to defy our comprehension. And I join you today, representing a TSA relocated into the Department of Homeland Security. It is clearly the right place for us, because our mission is 100 percent homeland security.

I can report to you that as a person, we at DHS are working hard to build the Department's capacity to secure America. Let there be no doubt it is very hard work.

There seemed to be vulnerabilities everywhere. And the President has provided the vision, the Congress has provided the framework, and Secretary Ridge is leading the way to breathing life into DHS. We will get this right.

I will be brief this morning, Mr. Chairman, I would like to mention just a couple of words on four things. First to look back over my shoulder for a moment. I spent 42 years in uniform. I went to war in Vietnam. I went to Valdez where there were 11 million gallons of crude oil in Prince William Sound. I commanded ships at sea. I directed operations that saved tens of thousands of lives, Haiti and Cuban migrant crises. And I can truthfully say that this past year has been the most challenging and rewarding leadership experience of my life. It continues apace today with no end in sight.

The work is gratifying. The stakes are impossibly high. I am surrounded by deeply committed patriots and am enormously proud of what we have accomplished this past year. I am also enormously appreciative of the patience shown by the Administration and the congressional subcommittees who provided oversight and resources as we grappled to meet the 36 mandates outlined in ATSA.

We literally re-baselined our budget a half-a-dozen times over the course of this past year, as we learned day by day what the price tag on one hand and the programmatic direction on the other should be for this new agency.

We are really still doing that. Week by week, we juggle both the job description and the budget. I believe that is pretty normal, as the Congress and the Administration sort out the expectations that they have for this new agency.

Even as we speak, we continue to sort out a spending plan for the rest of fiscal year 2003. I hope to have that to the committee shortly. We have certainly learned from this experience and want to work closely with you on our fiscal year 2004 requirements so that we can avoid the significant adjustments necessary to accommodate the allocations not included in the President's request.

The Congress has been particularly patient with me as we respectfully disagreed on the size of the screener work force needed to secure our airports. As you know, we are grappling with that now as part of our effort to make efficiency and effectiveness our trademarks at this agency.

You have all heard many times the inventory of accomplishments this past year, so I will not repeat them. What I will repeat is the pride we all take at TSA in what we got accomplished.

Were there holes and bad days and things we wish we did better? Of course. We were and we are at war. But even those things we did poorly are being systematically cleared up one by one. You have my pledge to complete that task. And in the meantime, we have done a lot of things well, on time, on budget, and against huge expectations that they simply could not be done.

Second, the President's 2004 budget seeks $4.81 billion, about half of which is to be financed by the passenger and airline fees established in ATSA. This budget is dedicated to stabilizing and strengthening our essential missions.

The request is some $350 million less than the budget enacted in the fiscal year 2003 Omnibus Appropriations Act. That is reasonable considering how much of our 2002 and 2003 experience focused on one-time start-up costs, including $1 million per machine and significant contractor outlays.

The President's request seeks funding in five major areas: aviation security; maritime and land security; intelligence; R&D; and administration. And the documents submitted itemize specific dollars for all five areas, and I will gladly go into specifics during questions.

Third, I would like to comment on a small but very important group of special projects that we have underway. Much has been written recently about CAPPS II. I certainly invite the Committee's questions, but let me just say it will be the most significant tool we build to contribute to both security and customer service. We have offered a number of briefs to the Congress, and they have all been well attended. And we will provide more as requested.

I understand deeply the privacy implications of the project, and we are reaching out systematically to gain counsel and input from all as we build this project and its privacy strategy. I am absolutely committed to providing Americans a full measure of both security and privacy, and I ask for your informed support for this project.

Our Transportation Worker Identification Credential project is now in its evaluation stage. It will offer efficient and effective leaps forward in identification and verification and access control for workers across the transportation system. I am appreciative of the Committee's support for TWIC and ask that it continue.

These two projects, TWIC and CAPPS II, provide the foundation blocks for a "Registered Traveler" Program, which will expedite processing for those who volunteer to meet its specifications.

Lastly, the Federal Flight Deck Officer Program. We have trained and graduated our prototype class of 44 volunteer pilots, which we conducted at FLETC. We will learn from that experience and tweak the curriculum as necessary to press on to the full scope training that will add another dimension to our layered security system in aviation.

Mr. Chairman, I want to address just three personal organizational goals, and I intend to focus on them until I get them right. The first is to finish the work we started at the Nation's airports. We crossed the country twice and left a wake behind us in many places. We must finish the checkpoint reconfiguration work where needed, and we must finish the explosives detection installations in many airports across the country.

A few airports must still be brought to 100 percent electronic screening. Others must be kept in compliance as the busier flying season approaches. Equipment must be repositioned because it had to be installed often in haste and in lobbies to meet the 12/31/2002 deadline.

There are some airports where simple efficiency and effectiveness suggest inline EDS installations as the only reasonable alternative. And my goal is to optimize the use of every dollar appropriated for this task to get as much of this work done as soon as possible.

I thank the Congress for the provision of the Letter of Intent (LOI) tool. It will instantly enable us to negotiate with airport directors to leverage private sector capital to accomplish these projects and then reimburse those airports over multiple budget cycles.

My second goal is hinged to the first. We will aggressively manage the size of our workforce. I have two staff projects underway to right-size the screener workforce. One in the short term, and one midterm, both based on risk management principles.

I will challenge every position in the model used and insist the new standard pass the common sense test. I will also challenge every FSD, Federal security director, to optimize his or her management of the resulting screener force. That means we replace attrition over the next couple of months, even years. The focus as we do that will be on part-time hiring to provide the flexibility necessary at those airports. We will do this work with great respect to our workforce but we will meet the reduction goals and do so with the first skills-based retention program in this Government's history.

My last focus, Mr. Chairman, will be on building an adequate administrative support structure in TSA. I must ensure that we have in place the structure to adequately deal with contract oversight, workforce administration, EEO complaints, customer inquiries, and those other classic support functions that we only talk about when they do not get done well.

Our new H.R. contractors will be held accountable for what we expect of them. We brought aboard 55,000 people in very short order and are only now building the H.R. infrastructure they deserve. These are dedicated Americans employed to provide us the security we demand, and we owe them the model workplace that I have described.

In closing, Mr. Chairman, allow me to follow up on the discussion the subcommittee had with Mr. Hutchinson last week. Several members asked him about transportation sectors other than aviation. ATSA is very clear that TSA is responsible for the security of the entire transportation system. And I take that charge quite seriously and am close to the first draft of a national transportation system security plan. We will deal with aviation, maritime, rail, transit, highways, and pipelines as the six critical elements of that system.

Our intention is not to necessarily do security in those other five sectors in the people-intensive way that we were required to do so in aviation. But we must ensure the other modes are adequately security conscious.

The Congress has expressed a keen interest in ports and rail, and I believe my charter is to be able to advise Secretary Hutchinson and Secretary Ridge as to the security, status and readiness of the entire system. I look forward to working with all the transportation stakeholders in the Congress to eliminate any weak links from our system and to integrate this work into the greater homeland security challenge being met by DHS.

PREPARED STATEMENT

Thank you, Mr. Chairman. I look forward to your questions, sir.

Senator COCHRAN. Thank you very much, Admiral Loy.

[The statement follows:]

PREPARED STATEMENT OF ADMIRAL JAMES M. LOY

Good morning, Chairman Cochran, Senator Byrd, distinguished Members of the Subcommittee. I am pleased to testify before the Subcommittee on the fiscal year 2004 Budget request for the Transportation Security Administration (TSA). I join you today representing TSA as part of the new Department of Homeland Security (DHS). Our inclusion in this new department is both fitting and natural, because our mission is completely aligned with the mission of DHS. Secretary Ridge is deeply engaged in fusing together the 22 agencies contained in DHS, and TSA is proud to be a part of the DHS team working to find efficiencies, make management improvements, and coordinate the necessary protection of our homeland.

In a little over a year of existence, TSA has achieved much. We have met 100 percent of the aviation screening mandates and all of the other statutory deadlines set by Congress. We have focused on getting the job done and done well. Although we are off to a great start, there is still more to do to successfully accomplish our transportation security mission. Much of this additional work is about understanding the bigger picture of our national transportation security system, which is intermodal, interdependent, and international in scope.

We wish to thank you for addressing TSA's critical needs with additional funding in the War Supplemental. This funding represents much needed relief in continuing to achieve results that are critical to our mission. We appreciate the additional resources and are taking action to fulfill the direction set in the legislation. We are working with your staff to explain our revised fiscal year 2003 TSA spending plan. As I recently announced, TSA will be reducing its workforce—3,000 by May 31, 2003, and an additional 3,000 by September 30, 2003—in the months ahead. In addition, TSA will reduce the cost for law enforcement and move away from fixed point stationing of officers, all the while maintaining appropriate security requirements. TSA also is working rapidly to implement the provisions of the supplemental legislation providing assistance to airlines for strengthening cockpit doors and for TSA-mandated aviation security costs and foregone revenue. We fully intend to make these disbursements within 30 days as Congress directed.

Now I would like to speak to you about where TSA is going and how our fiscal year 2004 budget will get us there. I urge you first to consider TSA's critical budget needs in the context of where we have been. We have had to use available resources to build our organization from the ground up at the same time we have been focused on accomplishing our mission.

I can report to you today that TSA has produced significant results during its short existence:

—On Saturday, April 19, 2003 the inaugural class of volunteer commercial pilots graduated from TSA's Federal Flight Deck Officer (FFDO) training. After 48 hours of intensive training, these pilots were sworn in as federal law enforcement officers, with jurisdiction limited to the flight deck, or cockpit. These officers add another layer of security to the skies.

—We have identified, intercepted, and therefore kept off aircraft more than 4.8 million dangerous items, including 1,101 firearms; nearly 1.4 million knives; 39,842 box cutters; 125,273 incendiary or flammable objects; and 15,666 clubs.

—We have put in place a Federalized passenger and baggage screener workforce, which has been widely complimented as professional, courteous, and competent.

—We have recruited, trained, and deployed a professional cadre of Federal Air Marshals, who protect passengers and provide security on aircraft.

—We have implemented 100 percent screening of checked baggage through EDS or Congressionally approved alternative means.

I am personally committed to making TSA a model workplace as we achieve these and even greater results. This means building and maintaining carefully a professional culture across the organization to form a foundation for future success. This culture includes:

—Aligning our operational programs with DHS and TSA threat-based risk management plan;
—Close and constant communication with the entire TSA workforce and our stakeholders about our mission, vision, values, and goals and objectives;
—A commitment to rigorous performance management, both at the organizational and individual levels;
—Creating a diverse and inclusive workplace culture based on mutual respect, fairness, optimal communication, cooperative problem solving and teamwork, and enabling all TSA employees to perform at the highest level;
—Continued targeted investments in critical training and information technology to reduce the size of the workforce while maximizing its impact;
—Creating a streamlined and effective administrative infrastructure to support all our operations.

A key aspect of a true learning organization is to learn from past mistakes. We had some missteps last fall as we moved rapidly to hire screeners to meet the Congressionally mandated deadlines for Federalizing passenger screening checkpoints and complete 100 percent checked baggage screening. We have learned from these challenges and will continue to improve in this fiscal year and fiscal year 2004. Over the past several months, we have implemented several acquisition, financial, and other management initiatives that address fiscal year 2002 concerns raised by the Subcommittee.

As we build our culture and the organization, we must constantly focus on our mission. TSA's mission is to protect the Nation's transportation systems to ensure the freedom of movement for people and commerce. Our vision is to continuously set the standard for excellence in transportation security through TSA's people, processes, and technologies. We have embraced the values of integrity, innovation, and teamwork as we pursue excellence in public service. TSA also strives to be efficient and effective in its use of resources.

Our strategic goals provide a clear understanding of our security responsibilities, including awareness of the full scope of potential risks; deployment of comprehensive prevention, protection and response activities; and organizational mandates to optimize performance and stewardship requirements. We are building a system of performance and accountability that incorporates a clear line of sight linking every employee's role and responsibility to the central TSA mission and strategic goals.

In establishing and communicating our mission, vision and values, and in identifying our strategic goals, we have given all TSA employees and the stakeholders we serve a clear agenda of purpose and excellence. Our budget identifies the programs and resources required to most effectively achieve TSA's goals.

In accomplishing our mission, we are also acutely aware of the challenge of maintaining balance—between freedom and security, and between security and customer service. Our mission is to ensure freedom of movement for people and commerce, and our process is to meet the needs and expectations of the American people with the greatest consideration for their privacy and the least disruption to their routine behavior. Our top priority is providing maximum security with minimum intrusion. TSA's fiscal year 2004 Budget of $4.812 billion is dedicated to stabilizing and strengthening our essential mission. Our fiscal year 2002 and fiscal year 2003 budgets included many large start-up costs, including the purchase and installation of necessary explosives detection equipment. Although these costs will not recur in fiscal year 2004, savings are partially offset by recurring costs for maintenance and administration. Before I summarize the key elements of our fiscal year 2004 Budget request, I would like to highlight several programs that I know are items of interest to Members of the Subcommittee.

—*Computer Assisted Passenger Pre-screening System.*—Funding in the amount of $35 million is requested for development of the second generation Computer Assisted Passenger Pre-Screening System (CAPPS II). CAPPS II is an automated threat assessment tool for airline passengers that can be modified based on new intelligence information and changing threat priorities. It will enhance aviation security, refine the passenger secondary screening selection process, and improve airport passenger flow. We are aware of privacy concerns with this system and are building strong privacy protections into the system to address those concerns. We will continue to work with key stakeholders as development of this system moves forward. As Secretary Ridge has committed to Congress, we will work closely with the Department's newly appointed Privacy Officer to ensure that CAPPS II respects the privacy rights of Americans. We have also

held several briefings, both in closed and open session, for Members of Congress and their staffs and will work with Congress to create a better understanding of what CAPPS II is and is not.

—*Federal Flight Deck Officers.*—A request of $25 million will support the first full year of implementation of federal flight deck officer training, which supports the recently passed legislation authorizing the arming of pilots. These pilots will complement the Federal Air Marshals deployed within the aircraft and will be authorized to act only if the cockpit is threatened. TSA has established an initial program for participant qualification and is planning for requalification certification. Our prototype class just graduated April 19, and it is expected that the training program will be ready for full deployment in late fiscal year 2003 and fiscal year 2004.

—*Transportation Worker Identification Credential.*—This initiative focuses on developing identification standards for documents to identify individuals for access purposes. Multiple types of technology are being evaluated to determine the best approach.

—*Registered Traveler.*—TSA requests $5 million to develop a registered traveler program that will pre-screen low risk travelers so that available resources can focus on unknown and high-risk individuals.

—*Air Cargo Security.*—The TSA budget requests $20 million to design and develop a random, threat-based, risk-managed freight screening process and continue the development of an automated and enhanced "known" shipper program. It is estimated that there are 12.5 million tons of cargo transported per year, 2.8 million tons of which is now secured on passenger planes and 9.7 million tons on cargo planes.

—*Explosives Detection System (EDS) Installation.*—TSA is continuing to work with airports to install remaining EDS systems and will continue to ensure that all checked baggage is screened. As part of our effort to utilize letters of intent (LOI) to optimize these installations, TSA expects to amend its fiscal year 2004 request within the proposed funding level to finance LOI costs. We will do so in the near future.

The five major components of the TSA budget are Aviation Security, Maritime and Land Security, Research and Development, Intelligence, and Administration.

Aviation Security

The majority of TSA's budget is centered on securing the air transportation system, as provided in the Aviation and Transportation Security Act. The September 11 terrorist attacks highlighted the need for vigilant aviation security, and there is every indication that aviation will continue to be an attractive target for terrorist groups.

Our first priority is to protect air travelers by continuing to build on the aviation security measures now in place at all of the Nation's more than 400 commercial airports, maintaining a balance between world-class security and outstanding customer service. TSA has set into place a system of reinforcing rings of security to mitigate the risk of future terrorist or criminal acts. These security measures cover air traffic from curbside to cockpit, supported overall by intelligence and threat analysis. In full compliance with Congressional deadlines and mandates, passenger and baggage screening operations are federalized and meet established standards of screening 100 percent of checked and unchecked baggage. The screeners we have trained and deployed put a face on TSA and provide to the American public the most visible expression of our efforts. Their thoroughness, professionalism, and courtesy are key elements in restoring and maintaining the traveling public's confidence in the safety of aviation. We have also deployed state-of-the-art metal detectors and explosives detection machines.

TSA has selected 158 Federal Security Directors to oversee air transportation security, and worked with State and local officials to post law enforcement personnel at passengerscreening checkpoints. I appreciate the authority provided by Congress for flexible stationing of law enforcement officers where we feel it is appropriate. TSA both performs background checks for TSA airport personnel, and also undertakes regulatory inspection and enforcement of agency security directives. We are providing these security measures with a workforce that is proud of its important work and that has won the respect of the traveling public.

The $4.2 billion request for aviation security activities for fiscal year 2004 includes approximately $1.8 billion for passenger screening, $944 million for baggage screening, and $1.5 billion for airport support and enforcement.

Fully funding the fiscal year 2004 funding request will allow TSA to ensure the safety of the traveling public in secure airport terminals and aboard aircraft. TSA will continue to implement efficiencies in screening operations, including both tech-

nological enhancements and cross training of passenger and baggage screeners, to further reduce the reliance on personnel. As a result, our 2004 request represents a staffing decrease of 3,000 screeners as compared to 2003 levels.

We are requesting $27 million to expand deployment of technologies to improve physical security at the passenger and baggage screening checkpoints. We will be augmenting existing surveillance systems currently in use or planned at many airports, sharing cost and information with airports.

The President is requesting a total of $45 million for risk management initiatives to increase the effectiveness and efficiencies of the passenger screening process. This includes the $35 million for the CAPPS II project already described above, plus $5 million to support the creation of a registered traveler program to increase security while decreasing the hassle factor for travelers. The goal of such a program is to better utilize available resources by focusing on unknown and high-risk individuals. Another $5 million is requested to continue background checks for airport personnel and vendors operating in secure terminals of an airport to streamline the gate screening process.

To provide baggage-screening security, TSA uses a combination of EDS; explosives trace detection machines (ETD), and where necessary other congressionally approved alternative methods of screening, such as passenger-bag match, canine teams, and physical search. EDS is deployed as a cost-effective screening process at many of the higher volume and high-risk airports, and ETD is deployed as a comparable screening system of acceptable effectiveness at those airports where operational factors do not warrant EDS deployment.

In 2004, TSA will continue to improve the efficiency and effectiveness of baggage and cargo screening. We expect "on-screen" resolution procedures to reduce many false alarms. We request $100 million for in-service upgrades and maintenance of approximately 8,000 explosives trace and detection devices at more that 400 commercial airports. TSA will continue to develop information on EDS performance to assure that our baggage screening equipment and procedures represent the most effective and reliable operations available.

Consistent with our multi-layered approach, TSA requests $900 million to provide strong security direction and enforcement presence on-site at the Nation's commercial airports. This funding will support a numbers of different activities. This includes the 158 Federal Security Directors and support staff, the required leasing of airport space and the development of IT infrastructure to support those offices. These funds will provide resources for working with State and local law enforcement personnel, where appropriate, to ensure passenger safety and national security. This funding will also continue the regulatory screening and enforcement program to monitor security measures performed by airport operators and air carriers. It is imperative that a standardized approach to physical aviation security measures be implemented at the Nation's airports. TSA field inspectors across the country will perform the regulatory screening and enforcement activities, which were previously administered by the Federal Aviation Administration's Civil Aviation Security program. Finally, this funding includes funds requested to expand the Federal Flight Deck Officer program to train and arm volunteer pilots.

A request of $600 million will support the full complement of officer and support staff assigned to the Federal Air Marshal Service (FAMS). The Federal Air Marshals are an integral part of our layered rings of security for aviation, defending against on-board passengers intending to harm an aircraft and our aviation system.

Maritime & Land Security

As the prospect of further terrorist attack continues to loom, the security of maritime and land transportation systems merits additional consideration. TSA, as part of the Border and Transportation Security Directorate, is partnering with other DHS organizations, such as the Coast Guard, the Bureau of Customs and Border Protection, the Information Analysis and Infrastructure Protection (IAIP) Directorate and the Science and Technology Directorate of DHS, to address other surface and maritime transportation security responsibilities.

The Memorandum of Agreement I have signed with the Federal Aviation Administration and correspondence I have exchanged with Secretary Mineta establish the framework for continued cooperation with the Department of Transportation. We continue to partner with the operating administrations of the Department of Transportation, that provide a vital link with the transportation providers to ensure that there is neither duplication nor are there gaps in critical federal transportation security initiatives. The framework provides a vehicle for continuing cooperation and collaboration, and paves the way for further security-related legislation, rulemaking, resource utilization, and administration of transportation security grants.

TSA is proceeding on a number of fronts, including.—(1) awarding grants to improve the security of ports and cargo, (2) working with the IAIP Directorate and the Coast Guard to design a terrorism risk assessment tool tailored specifically to maritime and surface transportation facilities, and (3) working with our other federal partners to ensure intermodal consistency, where appropriate, in security regulations for the national transportation system, including requirements that will facilitate assessing and improving the security of transportation facilities and infrastructure.

TSA's Maritime and Land operations are continuing to work with IAIP, the Coast Guard, and the Bureau of Customs and Border Protection to develop security standards and regulations for all non-aviation modes of transportation. These efforts will include benchmarking to establish best practices, industry outreach, and extensive collaboration with Department of Transportation (DOT) agencies in order to leverage these agencies stakeholder contacts and transportation expertise. These standards will not displace or conflict with the security standards being developed by other federal agencies. Rather, they will complement the efforts of other federal agencies to ensure there are no gaps in the security of the national transportation system.

Specific project funding included in the fiscal year 2004 President's request includes $55 million for the Transportation Worker Identification Credential (TWIC), a sophisticated access control credential, and $2.5 million to complete work on our Operation Safe Commerce pilot program, to continue to learn the best approach to dealing with the container vulnerability threat.

Research & Development

TSA is requesting $20 million for aviation related research and development initiatives in 2004. This request includes initiatives related to Next Generation EDS ($10.0 million), and Air Cargo ($10.0 million). The Next Generation EDS initiative aims to increase throughput and lower false alarm rates at equivalent or better detection performance capability. This program will perform simulation and modeling of alternative checked baggage-screening technologies, and expand systems testing of off-airport screening capability. This research will also explore EDS screening capabilities for small airports.

The request of $10 million for the Air Cargo Pilot will support research and development of new performance methodologies in detecting threats to air cargo. The 2004 effort will continue to address how existing devices and procedures can best be applied to air cargo, and to investigate new air technology security concepts, including advanced sensors for effective cargo screening.

Intelligence

TSA is requesting $13,600,000 to continue to support 100 TSA intelligence positions in 2004. Included in the base funding request are base salaries and benefits, including locality pay, and data base access and equipment maintenance requirements. As part of DHS, TSA will work to integrate its analysis and products with other intelligence components of DHS while continuing to support its transportation customer base with analysis on transportation security and intelligence. DHS will disseminate information on possible threats as rapidly as possible to our Federal Security Directors, airport staff, and airline personnel, current and strategic warnings will be provided regarding threats to U.S. transportation modes, and trends and changes in targeting will be identified. TSA is working with IAIP to increase its intelligence capabilities increase in other transportation areas and to disseminate information to other key officials.

Administration

Funding in the amount of $421.2 million is requested for essential administrative support of program activities. This amount represents less than 10 percent of TSA's total budget request, and provides financial and human resources support; information technology support; policy development and oversight; performance management and e-government; communication, public information and legislative affairs; training and quality performance; internal conduct and audit; legal advice; and overall headquarters administration.

Effective use of information technology (IT) is key to TSA's success, and $145.2 million of the administrative request supports information technology core requirements, which are being provided through a managed service contract.

As a new organization, we have used the opportunity of our "clean slate" to create a lean administrative infrastructure that can serve as a model for other agencies. We have outsourced high volume administrative activities to streamline Government operations.

TSA's management structure and business processes are fully aligned with the President's Management Agenda, and we are establishing a culture of management efficiency through initiative and innovation.

In the human capital area, training and performance assessment will continue to receive high priority focus and resources, and in fiscal year 2004, TSA will address human capital planning, standards for internal accountability systems, and organizational development. We have stood up a large organization and now must concentrate on building the infrastructure to support that workforce.

Competitive sourcing has been a key component of TSA since its inception, and TSA will continue to use the private sector to perform commercial functions whenever possible and appropriate. For example, TSA has outsourced the hiring, training, and servicing of screeners; the design and installation of explosives detection equipment; and the redesign and reconfiguration of passenger checkpoints. In fiscal year 2004, TSA will continue to pursue contracting opportunities, particularly in the areas of equipment deployment and financial management, incorporating robust contract oversight into this process.

Financial management is identified as a fundamental element of improving management of government programs. At its standup, TSA implemented the Department of Transportation's Delphi financial management system. Under the Department of Homeland Security, we are migrating to Oracle Financials, and exploring the use of Oracle and other financial systems to meet all Joint Financial Management Improvement Program requirements and to give managers budget and performance information on their program operations.

The TSA budget request includes funding to continue to implement and maintain a comprehensive, enterprise-wide architecture to support TSA's mission and the President's E-Government initiative. This architecture will be the transport mechanism for data and will provide the necessary support services to TSA's major programs. TSA will also continue its e-government efforts through the implementation of the TSAWeb to provide public information as well as shared services and all mission-critical, operational and administrative applications for internal and external stakeholders.

We will adopt budget and performance integration as the fundamental structure of TSA's program planning and execution to make sure we support and fund those programs that make American transportation systems more secure. We will establish accountability by linking how much we're spending with what we're achieving. TSA intends to implement full integration of cost accounting that links costs to performance goals and therefore to performance results.

I have initiated a rightsizing project that will enable us to reduce the screener workforce as called for in both the fiscal year 2003 and fiscal year 2004 budgets. Obviously, this will be done in a manner that is consistent with maintaining the security paradigm. We will use a riskbased approach to rightsize our workforce and demonstrate to the President and Congress that we are obtaining the maximum security and protection for the traveling public from the resources provided. That is our challenge and I intend to meet it.

Mr. Chairman, Senator Byrd, Members of the Subcommittee, we intend to meet our responsibility for providing security for the Nation's transportation systems with both sensitivity and common sense, by meeting core statutory requirements, by developing and implementing supplementary programs, and by partnering with Federal, State, and local agencies, and with private industry and other stakeholders, to advance the mission of protecting our homeland.

The role of the Transportation Security Administration in meeting this challenge is unmistakable. The nine stars and eleven stripes that appear behind the American eagle on the TSA logo are a daily visual reminder of the "Why" of our organization. The programs and resources I have talked about today represent the "How". I appreciate the support TSA has received from this Subcommittee and look forward to working with you as we continue this important effort. I will be pleased to answer your questions.

Senator COCHRAN. We will now hear from Ms. Connie Patrick, Director of the Federal Law Enforcement Training Center.

STATEMENT OF DIRECTOR CONNIE L. PATRICK

Ms. PATRICK. Good morning, Chairman Cochran, Senator Byrd, and the other distinguished members of the committee. It is a pleasure to be here with you today to discuss the President's fiscal

year 2004 budget request, our first under the Department of Homeland Security.

This marks our first opportunity to appear at—for me to appear before a Senate subcommittee since being appointed the Director of the Federal Law Enforcement Training Center in July 2002.

I want to extend my appreciation to Secretary Tom Ridge and Under Secretary Asa Hutchinson, who have already demonstrated their enthusiastic and unqualified support for the vital role of the FLETC and the role it is expected to play in the new Department of Homeland Security.

I also want to acknowledge the support the Congress has long extended to the FLETC. I stand ready to work with you and direct the FLETC towards successful completion of the objectives set forth by the Administration and Congress in the protection of our national security and interests.

The two pillars upon which FLETC was founded are quality in training and economy of scale. Neither of these can be achieved without the cooperation of our partner agencies. There are now 75 partner agencies who train at the FLETC. And we all train under the concept of consolidated training, which means we share training knowledge and experience, funds, and law enforcement training uniformity and standardization to accomplish the mission.

FLETC is now 33 years old. We have trained more than 500,000 agents and officers across government, and have graduated them from both agent and officer training programs. Those programs include statutory requirements for law enforcement, as well as ethical training, firearms, physical training, investigative skills and techniques. I think it is important to mention that for every dollar given to training, it goes not directly to one agency, but to 75 agencies.

Mr. Chairman, as we enter a new era in law enforcement operations in the United States, I believe that FLETC is a great example of a government approach intended by the legislation creating the Department of Homeland Security, a means to harmonize the work of many law enforcement agencies through common training, while at the same time maintaining quality and cost efficiency.

In fiscal year 2003, 65 percent of the FLETC's projected workload will come from the nine law enforcement agencies transferred into Homeland Security. In fiscal year 2004, this work will continue to be above 50 percent of our estimated total Federal training workload. And within the last week those numbers have been reported to me to be approximately 73 percent of our workload, will come from the nine law enforcement agencies now in Homeland Security. In addition to that, we maintain robust State, local, and international law enforcement training activities, many of which will help further complement the mission to secure our homeland.

Under the leadership of Secretary Ridge and Under Secretary Hutchinson, FLETC intends to work closely with all segments of DHS. FLETC, as a member of DHS, will help support the unity of command and the coordination and efficiency themes sought in the public law that created the Department.

FLETC has a long history of service to many of the DHS components, to include the Secret Service, the Customs and Immigration and Naturalization Services, including the Border Patrol, the Fed-

eral Protective Service, and most recently, the Transportation Security Administration.

With the establishment of the Bureaus of Customs and Border Protection and Immigration and Customs Enforcement, FLETC is ready to help facilitate, develop, and implement new training and cross-training programs. We recognize that much of this effort and expertise will necessarily come from the agencies involved, and that there will be significant adjustments made over time to all DHS-related training programs, basic and advanced. We are already involved in a systematic review of the existing training for these new entities to address the need to meld the duties of the participants. In the meantime, training will continue unabated to achieve the expectations of our agencies.

FISCAL YEAR 2004 BUDGET REQUEST

In this fiscal year 2004 budget, the President submitted a budget request for the FLETC that included an operating expenses appropriation of approximately $122 million, and 754 FTE. The request for the Capital Acquisitions appropriation is approximately $24 million, for a total request of just over $146 million.

FLETC's overall fiscal year 2004 budget is $206.058 million based on an estimated $60 million in funds to be reimbursed by partner agencies for certain training and related services. As a matter of long-established fiscal policy, the FLETC operations are partially covered by agency reimbursements in addition to the appropriation authorized by Congress. Essentially, this has evolved to a point where FLETC funds the mandated entry-level training and facility development and operations, while the participating agencies reimburse us for certain training costs and support.

OVERVIEW OF OPERATIONS

As part of my discussion, I would like to provide you with a brief overview of the operations of FLETC. We conduct both basic and advanced training for the vast majority of the Federal law enforcement officers in the United States. We provide training for State, local, and international officers in specialized program areas and support the training provided by our partner agencies that is specific to their individual mission needs.

In addition to our onsite training at the FLETC residential facilities, some advanced training, particularly for State, local, and international law enforcement, are exported to regional sites, many of which are in your States, and that provides a lower cost of training to our customers, as well as making it more convenient for them to obtain training.

WORKLOAD

As a result of the September 11 attacks, our partner agencies' workload have increased significantly. We are projecting the greatest increase in training requirements in our history. And to give you just a scale on that, before 2001, our highest training workload was about 25,000 students. This year we will train approximately 37,000, and the numbers projected for next year are somewhere around 55,000 students.

Over the years, the FLETC has experienced a number of periods of sustained growth in the training requests by its partner agencies, and we have been able to accommodate those by being innovative in the use of our existing resources. To meet the training needs, the FLETC continues to work on a 6-day workweek at the Glynco facility, which we began in January of 2002.

This format allowed FLETC to accelerate training to get students on the streets more quickly. In fact, we have graduated about 2,000 more students this year than we would have had we not been on a 6-day work week, just to meet the needs of our agencies, primarily those in DHS.

FACILITIES CONSTRUCTION MASTER PLAN

For future planning purposes, FLETC contracted with a private firm experienced in facility planning to conduct a study that will project future facility requirements. This study should be completed shortly. It is a three-phase plan that will place emphasis on eliminating capacity shortcomings at all FLETC sites.

It is important to point out that as we consider the plan to be—that we consider this plan to be a living document that may still undergo significant changes in the future as the requirements of DHS agencies become clearer.

SELECTED ACHIEVEMENT HIGHLIGHTS

Very briefly, I would like to discuss just a couple of the specific achievements based on the support Congress and the Administration have given us. We have exceeded all of our performance targets. We completed our third year of a financial audit with an unqualified opinion. We have begun partnering with the Office of Personnel Management to provide law enforcement training on the new GOLEARN site. This partnership, initiated on January 20th of 2003, provides the first-responder communities secured, encrypted access to both general and customized law enforcement training. We are very excited about the great opportunities that lie ahead in the field of technology through the use of blended learning, combining the best uses of distance learning and hands-on residential learning.

And finally, I want to note the progress that has been made in the area of accreditation and standardization. This project is fully underway, working in collaboration with Federal agencies, including the FBI, DEA, and the U.S. Postal Inspection Service; private organizations; professional associations; and others to develop a format to accredit training facilities, the instructors, and programs and courses provided by every Federal law enforcement training organization. When this is fully implemented, it may prove to be one of the more far-reaching impacts that we have seen in law enforcement since the establishment of consolidated training itself.

CONCLUSION

In closing, let me assure you that we are ready to provide the highest quality law enforcement training at the lowest possible cost. Substantial savings is being realized through the operation of consolidated training sites. We are aware of the important opportu-

nities and challenges that remain ahead. I want to publicly commend the remarkable people at FLETC and in our partner agencies who have contributed so much to the success of consolidated training. This concludes my prepared statement, and I would be pleased to answer any questions that you might have at this time.

[The statement follows:]

PREPARED STATEMENT OF CONNIE L. PATRICK

Chairman Cochran, Senator Byrd, and distinguished members of the Subcommittee. It is a pleasure to be with you today, and I am pleased to discuss the President's fiscal year 2004 budget request for the Federal Law Enforcement Training Center (FLETC)—its first under the Department of Homeland Security.

OPENING REMARKS

This marks the first occasion that I am appearing before the Homeland Security Subcommittee since my appointment as Director of the FLETC in July 2002. I want to extend my appreciation to Secretary Tom Ridge and Under Secretary Asa Hutchinson, who have already demonstrated their enthusiastic and unqualified support for the vital role the FLETC is expected to play in the new Department of Homeland Security (DHS). I also want to acknowledge the generous support the Congress has long extended to the FLETC. I stand ready to work with you and direct the FLETC towards successful completion of the objectives set forth by the Administration and Congress in the protection of our national security and interests.

The two pillars upon which the foundation of the FLETC was formed are quality in training and economy of scale. Neither of these can be achieved without the cooperation of our partner agencies. More than 75 Federal agencies are now participating in the FLETC concept of consolidated training, which means shared training knowledge and experiences, better use of available funds, and law enforcement training uniformity and standardization. During its 33-year history, more than 500,000 agents and officers, across all three branches of government, have graduated from training conducted at FLETC, ranging from individual agency statutory enforcement responsibilities and the more common elements of training required for all agencies, including ethics, firearms use, physical training, and investigative skills and techniques. Furthermore each dollar provided to FLETC goes for the benefit and use of every partner organization.

Mr. Chairman, as we enter a new era in law enforcement operations in the United States, I believe the FLETC is a good example of the new government approach intended by the legislation creating the DHS: a means to harmonize the work of many law enforcement agencies through common training, while at the same time maintaining quality and cost efficiency. In fiscal year 2003, 65 percent of the FLETC's projected training workload will come from nine law enforcement agencies transferred to the new Homeland Security department. In fiscal year 2004, this workload will continue to be above 50 percent of our estimated total Federal training workload. In addition, FLETC maintains robust State, local, and international law enforcement training activities, many of which will help further complement the mission to secure the homeland.

Under the leadership of Secretary Ridge and Under Secretary Hutchinson, FLETC intends to work closely with all segments of DHS. Placing FLETC within the DHS will help to support the "unity of command" and the coordination and efficiency themes sought in the public law that created DHS. FLETC has a long history of service to many of the DHS components—the U.S. Secret Service, the former Customs and Immigration and Naturalization Services including the U.S. Border Patrol (USBP), the Federal Protective Service and more recently, the Transportation Security Administration (TSA).

With the start-up of the Bureaus of Customs and Border Protection and Immigration and Customs Enforcement, FLETC is ready to help facilitate, develop, and implement new training and cross training programs. We recognize that much of this effort and expertise will necessarily come from the agencies involved, but there likely will be significant adjustments made over time to all DHS-related training programs, basic and advanced. Already, an effort is underway to systematically review existing training for these new entities and to address whatever capabilities are needed to meld the duties of the participants. In the meantime, training will continue unabated to achieve all of the hiring expectations of our agencies.

Our experience with the TSA is evidence of our capability to work collaboratively, flexibly and quickly. For example, together our two agencies developed and imple-

mented a new Federal Air Marshal (FAM) training program within days of the September 11, 2001 attacks. FLETC also assisted in the development of the security screeners prototype training and is currently assisting in the prototype of a Federal Flight Deck Officers (FFDO) training program.

FISCAL YEAR 2004 BUDGET REQUEST

In his fiscal year 2004 budget, the President submitted a budget request for the FLETC that included an Operating Expenses (OE) appropriation of $122,379,000 and 754 full-time equivalents (FTE). The request for the Capital Acquisitions (CA) appropriation is for $23,679,000 and provides funding for all of the cyclical maintenance and upkeep of our permanent sites, including renovation of several older facilities in Glynco, GA.

Together, the OE and CA fiscal year 2004 requests total $146,058,000. FLETC's overall fiscal year 2004 budget is $206,058,000 based on an estimated $60,000,000 in funds to be reimbursed by partner agencies for certain training and related services. As a matter of long established fiscal policy, the FLETC operations are partially covered by agency reimbursements in addition to the appropriation authorized by Congress. Essentially, this has evolved to a point where FLETC funds the mandated entry level training and facility development and operations, while the participating agencies reimburse us for certain training costs and support.

The fiscal year 2004 budget also revises FLETC performance measures to align them with the organization's mission and funding, consistent with the President's Management Agenda for budget and performance integration.

OVERVIEW OF OPERATIONS

As part of my fiscal year 2004 budget discussion, I would like to provide the Committee with a brief overview of the operations of the FLETC and the resulting workload.

The FLETC conducts basic and advanced training for the vast majority of the Federal Government's law enforcement officers. We also provide training for State, local, and international law enforcement officers in specialized areas, and support the training provided by our partner agencies that is specific to their individual mission needs. There are now more than 200 separate training programs offered through the FLETC and its partners. Twenty-three agencies maintain training academy operations at Glynco, GA, three are housed at Artesia, NM and one is located in Cheltenham, MD.

The FLETC provides entry-level training programs in basic law enforcement for police officers and criminal investigators, along with advanced training programs in areas such as marine law enforcement, anti-terrorism, computer forensics, health care fraud, and international banking and money laundering. Training is conducted at Glynco, GA, Artesia, NM, and Charleston, SC facilities.

The Charleston, SC site was established in fiscal year 1996 to accommodate a large increase in the demand for basic training, particularly the former USBP. The training workload increase over a period of years for the former USBP and other former Immigration and Naturalization Service (INS) training categories was the direct result of initiatives to control illegal immigration along the United States' borders. That training is expected to continue to be of substantial importance with respect to the integration of border personnel and functions.

In addition to the training conducted on-site at the FLETC's residential facilities, some advanced training, particularly for State, local, and international law enforcement, is exported to regional sites to make it more convenient and affordable for our customers. The use of export sites for other types of training has proven to be highly successful. In using these sites, most of which are local police academies, the FLETC does not incur any capital expenditure obligations.

WORKLOAD

During fiscal year 2002, the FLETC graduated 32,092 students, representing 160,677 student-weeks of training. This total included 22,158 students who were trained at Glynco, GA; 5,952 students trained at Artesia, NM; 959 students trained at the training site in Charleston, SC; and 3,023 students trained in export programs. There were 19,881 basic students; 9,188 advanced students; and 3,023 international students trained, providing for an average resident student population (ARSP) of 3,090.

As a result of the tragic September 11th attacks, our partner agencies' workload projections increased significantly. FLETC is projecting the greatest increase in training requirements in its history. In fiscal year 2003, the FLETC will train 37,848 students representing 205,692 student-weeks of training. This total includes

30,184 students to be trained at Glynco, GA; 3,423 students at Artesia, NM; 1,899 students in Charleston, SC; and 2,342 students in export programs. A total of 22,746 basic students; 12,760 advanced students; and 2,342 international students are projected for a total ARSP of 3,956. Simply stated, this growth is unprecedented.

Over the years, the FLETC has experienced a number of periods of sustained growth in the training requests by its partner agencies, and we have been able to accommodate most of these increases by being innovative in the use of our existing resources. To meet the training needs, the FLETC continues the 6-day workweek at Glynco, GA that was started in January 2002. By implementing this format, FLETC will be able to accelerate training to get students graduated more quickly and "on the streets". Our inclusion of an additional day of training resulting in a 6-day workweek in fiscal year 2002, and into fiscal year 2003, has enabled us to graduate over 2,000 more law enforcement officers and agents than we could have graduated on the normal 5-day workweek. Through the use of a multi-year reemployed annuitant hiring authority granted by the Congress in the Supplemental Appropriations, fiscal year 2002 (Public Law 107–206); careful scheduling of instructors and programs; and other measures, good progress has been maintained in meeting requirements. The fiscal year 2004 budget request includes sufficient funding to provide the level of training being requested by our Partner Agencies.

FACILITIES CONSTRUCTION MASTER PLAN

I would also like to brief you on the status of the progress that has been made in expanding the FLETC's facilities. The FLETC initiated a multi-year facilities construction program at the end of the last decade in order to meet the training growth needs of our partner organizations. Following the terrorist incidents of September 11, 2001, FLETC sites have been used nearly to capacity. For future planning purposes, FLETC contracted with a private firm experienced in facilities and site development to conduct a study that includes Artesia, NM; Glynco, GA; and Cheltenham, MD. The study, which should be completed in late spring, is a three-phase plan that places emphasis on eliminating the capacity shortcomings of Center facilities. With respect to facility construction, I also wanted to take a moment to discuss the Washington DC area site and some other accomplishments.

Initial funds were appropriated in fiscal year 2001 for the development of a training site within the Washington, DC area, primarily for short-term requalification training and as a site for in-service U.S. Capitol Police (USCP) training. The site ultimately selected, following an extensive review of available Federal sites, was the former naval communications base in Cheltenham, MD. Since assuming ownership of the Cheltenham, MD property, excellent progress is being made in design and development work. A completely enclosed and environmentally-safe firearms complex is under construction and expected to be completed in the fall of 2003, and construction will begin on a vehicle training complex for non-emergency, obstacle and pursuit driving and related support facilities in the next month or so. Also, consistent with appropriations, FLETC placed the highest priority on completion of an in-service academy operation for the USCP, for which the dedication and opening ceremony was conducted in September 2002. The new building contains classrooms, offices and support capabilities to train 50–100 officers at any one time.

Also, design work already has been completed and construction begun for most of the remaining projects, the majority of which will be completed by late 2003. The District of Columbia Metropolitan Police Department (MPDC) has transferred $4,000,000 to FLETC to help defray the cost of the firearms range complex. MPDC is one of the principal agencies specifically incorporated into the legislation as a partner organization at Cheltenham, MD. In total, the FLETC projects more than 60 agencies in the Washington, DC area will receive requalification training at Cheltenham, MD when it is opened.

With respect to other construction, I should note that in Artesia, NM the new Administration Building was completed this year. We expect to complete the new dining hall in June. Design has begun on a new classroom building that was funded in the fiscal year 2003 appropriation. In Glynco, GA, the new Port-of-Entry Building became operational in March 2003. Later this year we plan to complete the renovation or construction of the Indoor Firearms Building, the Administrative Building and the Anti-Terrorism Building. Next year we plan to complete a Firearms Multi-Activity Building and an indoor Firearms range.

SELECTED OTHER ACHIEVEMENT HIGHLIGHTS

I would also like to discuss briefly some of the FLETC's other specific achievements based on the past support of Congress and the Administration.

In fiscal year 2002, the Center's overall performance against its most critical performance target, the Student Quality of Training Survey measure, was very good. A total of 99.3 percent of all graduating basic training students expressed satisfactory or higher rating of their training. Also, the FLETC's training costs measurement was below the cost figure established for the variable unit cost per basic student-week of training. The plan projected a weekly cost of $927, and the actual cost was $802. The volume of training conducted and the efficient management of facilities scheduling allowed us to realize reductions in costs.

In fiscal year 2002, the FLETC had its third complete audit of its financial records and systems and received another "unqualified opinion" for its operations. By changing processes and procedures, the FLETC has been able to meet mandated goals. Systems standardization and integration played major roles in achieving fast-close and data quality end-of-year submissions.

During fiscal year 2002, on behalf of U.S. law enforcement agencies, FLETC assumed the lead for the establishment of a United States International Law Enforcement Academy (ILEA) operation in Gaborone, Botswana, the first of its kind on the African continent. The official opening ceremonies were conducted in March 2003, with the President of Botswana and other African nation dignitaries participating. The academy, like similar sites in Europe and the Far East—under the joint direction of the Departments of State, Justice and now Homeland Security—is providing training to law enforcement officers from nations throughout that region, and is jointly funded by the Government of Botswana and the U.S. Department of State.

The FLETC also has begun partnering with the Office of Personnel Management (OPM) to provide law enforcement training on the new OPM GOLEARN.gov training site. This partnership initiated on January 20, 2003, provides the first responder communities (law enforcement, firefighter, public safety and health, and security personnel) secure, encrypted access to both general and customized law enforcement training. We are excited about the great opportunities that lie ahead in the field of this technology through the use of "blended learning" —combining the best uses of distance learning and hands-on residential learning.

Finally, I want to note the progress that is being made in the area of accreditation and standardization of Federal law enforcement training based on an fiscal year 2002 appropriation and other authorized funds. This project is fully underway. FLETC is working in collaboration with Federal agencies, including the Federal Bureau of Investigation, the Drug Enforcement Administration, and the U.S. Postal Inspection Service; private organizations; professional associations; and others, to develop a format to accredit training facilities, instructors, and programs and courses provided by every Federal law enforcement organization. When fully implemented over the next several years, this project may prove to have the most far-reaching impact on the way law enforcement training is conducted at the Federal level since the establishment of consolidated training itself.

CLOSING

In closing, let me assure you that FLETC is committed to providing the highest quality law enforcement training at the lowest possible cost. Substantial savings are being realized through the operation of consolidated training sites. We are also aware of the important opportunities and challenges that lay ahead.

The fiscal year 2004 budget request provides the resources to enable the FLETC to manage its responsibilities and continue to serve as a leading Government provider of high-quality law enforcement training to Federal, State, and local law enforcement officers. With the requested funds, the FLETC will provide cost-effective and contemporary law enforcement training, support the specialized training needs of State, local and international agencies, and deliver preventive and investigative law enforcement methodologies and terrorism training. I look forward to continuing to work with you and your support to successfully accomplish these objectives.

I also want to publicly commend the remarkable people at FLETC and in our partner agencies who have contributed so much already to the success of consolidated training. Their talented assistance will continue to be of great benefit.

Mr. Chairman and Members of the Subcommittee, this concludes my prepared statement. I would be happy to answer any questions you may have at this time.

COBRA FEES

Senator COCHRAN. Thank you very much, Ms. Patrick.

Mr. Bonner, I am going to ask each of you a question or two and—because we have several Senators here this morning, I am going to limit my initial round of questioning to 5 minutes and

hope that other Senators will limit theirs to that time as well. We will continue to go around as long as Senators have questions to ask.

In connection with the fees that are collected by your bureau, these are authorized by law. There are many different fees, as you know, immigration user fees, agriculture inspection fees. Some were authorized back in 1985 in the Consolidated Omnibus Budget Reconciliation Act (COBRA).

The fees authorized by the COBRA expire as a matter of law at the end of this fiscal year. My question is, do you have a plan in place for making a recommendation to the Congress for new legislation authorizing the continued collection of fees, because well over $300 million worth of fees are going to be collected under that Act? It seems to me that if you have not started that process you need to start thinking about what you are going to recommend to the Congress in the way of new authority to collect fees.

Mr. BONNER. Yes. Senator, you are absolutely right. A very important part of our funding comes from, and historically has come from, the so-called COBRA fees. And a large percentage of those are the air passenger user fees. Those have been used historically to fund virtually all of the U.S. Customs overtime, as well as approximately 1,100 to 1,200 actual FTE, in other words, Customs inspection positions.

And those fees sunset, or expire, at the end of this fiscal year. The ideal plan would be that we would get appropriated funding to cover these, but I believe the plan that we are pursuing right now is to ask the Congress and this committee to extend these COBRA fees beyond the end of this fiscal year.

And, in fact, if that does not happen, we will have a gap in the Customs and Border Protection budget of around $250 million, because that is how much is generated right now primarily through air passenger user fees to support all of our overtime, and these 1,100 to 1,200 FTE.

This is consistent with the Administration's request that when the budget came over the Administration has taken the position that it would be desirable to extend these COBRA fees, including the air passenger user fee.

So that would be our plan. I am very hopeful that there will be an extension for 1 or more years of these user fees, so that we can continue to fund the overtime and inspectional positions that are supported by these user fees.

TSA SCREENER REDUCTIONS

Senator COCHRAN. Admiral Loy, you recently announced that you were going to reduce the number of airport screeners, those who work looking at baggage and performing other security responsibilities at our Nation's airports. A lot of cutbacks are going to be made. I trust savings will be achieved in this effort.

But, in doing that, you have established some categories in terms of size and employments at airports. One of our airports notified me that thinks it has been miscategorized. They have been put in a lower category than they think they ought to be in terms of the number of screeners. Specifically, this is the Biloxi/Gulfport or Gulfport/Biloxi airports depending on which town you are in, that

is how you say that—you have got to be careful—on the Mississippi Gulf Coast, and it has been growing pretty rapidly down there in terms of the amount of business it handles. How would they go about appealing that decision, if they believe it is a factual miscalculation, and they are going to end up having to reduce screeners way beyond what they would have if they had been accurately categorized?

Admiral LOY. Mr. Chairman, we are obviously after the truth and the right data to use for this enormously important calculation. We have challenged our Federal security directors responsible for all the 430 airports across our country to work with our airport directors in the aftermath of having received the figures that we provided. And should there be some structural error like you were just describing, we will work with that airport to get the right number.

FLETC FACILITIES EXPANSION

Senator COCHRAN. Ms. Patrick, I heard you talk about the growth in the capacity that you are going to experience in terms of training Federal law enforcement officials. I assume this is going to require expansion of facilities or upgrading of facilities. Is there, in this budget, funding being requested for that purpose so you can accommodate the new responsibilities of the Center?

Ms. PATRICK. There are no capital acquisition items in this budget proposal. However, we are currently conducting a study to determine our capacities, not only at FLETC facilities, but at all of those facilities that are within DHS.

And prior to coming into the Department of Homeland Security, we did not have jurisdiction over those facilities. And now that we are all co-located within DHS, Mr. Hutchinson has asked us to look at capacities to be gained for the benefit of all, at all those facilities, and that study is currently underway.

We believe that we will be able to meet this year's goals and our master plan, 15-year master plan, will be completed this year, and we will have submissions for the fiscal year 2005 budget that will have capital acquisition within it.

Senator COCHRAN. Thank you very much.

Senator Byrd.

Senator BYRD. Thank you, Mr. Chairman.

Thank you, members of the panel. We have a good audience this morning. Someone said something about looking over their shoulder. There are plenty of people watching you. I think it was Milton who said, "They also serve who only stand and wait."

U.S. VISIT

Commissioner Bonner, one crucial component of providing for homeland security is ensuring that we, as a Government, know which foreigners are visiting our country, why those foreigners are here, and that those foreigners depart when they are required to do so. Our existing visa tracking systems are not doing the job.

According to your budget justification documents, the illegal alien population has risen to record levels. The undocumented alien population has grown from approximately 3 million in 1990 to an estimated 9 million today. In other words, it has tripled in 10 years.

Your department estimates that approximately 40 percent of those 9 million individuals are aliens who arrived in this country lawfully, but who had subsequently violated the terms of their nonimmigrant status. These are the 3.5 million individuals that an effective entry/exit system should track.

The budget before us requests $480 million for the new entry/exit visa tracking system. This is $100 million over last year's level of funding. Recently, Secretary Ridge announced a major change in the program proposing to create the U.S. VISIT system and to add biometric identifiers to the mix.

An entry/exit system was originally authorized by the Congress in 1996. A September 1998 deadline to get the system up and running was not met. A March 2001 deadline was not met.

Now, the Department is required to meet a December 2003 deadline, 7 years after an entry/exit system was originally authorized. Why should this subcommittee—Commissioner Bonner, why should this subcommittee believe that the Department is going to be successful in meeting the deadline for getting this system up and running? It has not done very well thus far.

Mr. BONNER. Well, I would say, Senator Byrd, the Government has not done very well in getting it up and running given the history, but it is a new era. That is number one.

The agency that was responsible for implementing the entry/exit system was the INS. It was part of the Justice Department. I think there is some issue, by the way, historically as to whether and when that was funded. I do not think we need to go into that, but I would say this, it is a new era. There is a new department in government that is now responsible for taking on and implementing the entry/exit system, which I believe Secretary Ridge has renamed U.S. VISIT.

And I know that this is among the highest priorities of the Department of Homeland Security—to implement an entry/exit system that will give us the ability to identify those individuals who have legally entered the country with visas but have either overstayed their visas or are no longer entitled to be in this country. We will have a system that will let us know that they have not exited the country and we will be able, with the appropriate resources, to locate and remove them from our country.

Now, I believe that this is going to be done, because I am very much aware that Secretary Ridge himself and Under Secretary Hutchinson are personally involved and committed to making this happen, and obviously I and everybody else within the Department of Homeland Security will be contributing to that effort to see that it gets done.

It is huge. If I said that this is not an extraordinary challenge to get this done within the timelines that have been set forth by the Congress, I would be less than candid with this committee, because——

Senator BYRD. What——

Mr. BONNER [continuing]. I think it is an enormous challenge. I actually personally——

Senator BYRD. My time is short.

Mr. BONNER. Yes.

Senator BYRD. What time—if you will forgive me?

Mr. BONNER. Yes, sir.

Senator BYRD. What specific steps are you taking to make this happen?

Mr. BONNER. Well, number one, I understand that there has been a program review undertaken by the Department of Homeland Security. I further understand that the ownership, if you will, of this program is going to be vested in the Border and Transportation Security Directorate, and that there is every intention, Senator, of meeting the ambitious timeline, which is by December of this year. We will do everything we can to have an entry/exit system deployed at least to certain of the international airports within the timeline.

Customs and Border Protection is contributing to this, because the entry/exit system ultimately is going to have to be put at international airports, the land borders, every place that people move in and out of this country. And so we are contributing to what the infrastructure issues are, and the funding requirements. There is also obviously, as you know, an information technology and a biometric part of this.

But it is a task that is being undertaken by the Department of Homeland Security, not just within Customs and Border Protection.

Senator BYRD. You have referred to biometrics, are you working with the Defense Department in this regard?

Mr. BONNER. Senator, I do not know, but I believe the Department of Homeland Security is. As I say, Customs and Border Protection has not been given ownership of this program. Nobody has come to me and said, "Commissioner Bonner, I want you to make this happen." So I am not personally and directly involved in the actual development of the program at this juncture.

Senator BYRD. The reason I ask, the Defense Department has a biometrics program, which the Appropriations Committee has been following and funding. You have referred to——

Mr. BONNER. I will find out for you, Senator, and——

Senator BYRD. Thank you. You have referred to your need for resources, financial resources. The budget requests $480 million for the entry/exit system. In light of the recently announced biometrics component to the new U.S. VISIT system, will this request be enough?

Mr. BONNER. I do not know the answer to that. I will have to——

Senator BYRD. Is there anyone there who can help you on that question?

Mr. BONNER. Well——

Senator BYRD. Anyone that——

Mr. BONNER. This is something that is going to have to be answered at the departmental level by the responsible program managers, Senator Byrd. I will pass it along and we will see if we cannot get you an answer.

Senator BYRD. Well, we will hope for that.

FISCAL YEAR 2004 BUDGET REQUEST

One crucial component of providing for homeland security is that you be provided with the—with adequate funding resources, and at our hearing with Under Secretary Hutchinson last week, I asked

him how much he had requested of the OMB for his agencies for the coming fiscal year. He said that he did not have that information in front of him, and when I asked if he would provide the information to the committee I believe he fuzzed up the response a little bit.

I understand the requirement that agency heads must support the President's budget request as submitted, but agency heads must also be responsive to the Congress, the elected representatives of the people. The military branches are not at all shy about providing information to the Congress on their original requests for funding. And this causes me to wonder why other agencies are more reluctant than the military.

I believe that the budget request for most of the Department of Homeland Security agencies are insufficient. It would be valuable for the committee to know what the agencies that are actually defending the homeland think their budget requirements are, not just the final opinion of the budget personnel at the Office of Management and Budget.

Commissioner Bonner, how much did you request in the way of funding in your fiscal year 2004 budget submission to the Office of Management and Budget?

Mr. BONNER. Senator Byrd, first of all, just by way of process, this is an incredibly unusual year in one sense, because we are merging with Customs all of these other elements, the Border Patrol, all of the immigration inspection program, and so forth.

I have absolutely no idea what was requested for Border Patrol or the Immigration Inspection. I had no part in how that was developed. When that budget was developed, INS was part of the Justice Department, and it went to the Attorney General. Something went forward from the AG to OMB.

I obviously played a part in developing the U.S. Customs budget request, and processing that up through the Treasury Department.

I can tell you that there was, of course, an unusual process this year in the sense that the Treasury Department looked at our budget, and I guess it is fair to say, they punted. They did not know what to do with it and so forth.

I can tell you that I believe as a result of then Governor Ridge's capacity in the Office of Homeland Security, we did get a substantial initiative funding ultimately through OMB.

As I sit here, I do not know exactly what our request was. I am very aware of the question you put to Under Secretary Hutchinson, and I do not want to give you, Senator, a fuzzy answer.

At this point I think that prudence would dictate that if you are interested, and I think you are interested, in what request ultimately went to OMB with respect to, let us say, the Customs side of this budget, that is something I just have to tell you, I would need to consult with the Department leadership as to what position they are going to take with the request that you made of Under Secretary Hutchinson.

And I do not know precisely what that position is, but I am just a mere Commissioner of the Customs and Border Protection, and I have a chain of command, which is I report to Asa Hutchinson as the Under Secretary, and he reports to Secretary Ridge.

So I do not want to fuzz an answer here. I am just going to say that I will look into that question. I understand the request the Senator is making. If there is a way that we can affirmatively respond to that request, I will make every effort to see that we do that.

Senator BYRD. Well, if you can, do that. The people have the right to know and the elected representatives of the people on this committee have a right to know. But we also need to know in order to adequately meet your funding needs. And you referred to the need for having adequate resources in your statement. And it would be very helpful to the committee—as a matter of fact having been on this committee now 45 years—I am in my 45th year on the Appropriations Committee, that is a rather, in a way, stunning response to a very legitimate question.

Will you provide this subcommittee with that information for the record?

Mr. BONNER. I will, if after discussions with the Department, it is okayed.

Senator BYRD. You mean—are you meaning to say to me if it is okay that this committee has that information?

Mr. BONNER. I——

Senator BYRD. The reason we—the reason it helps the committee is because we really know then what you perceived as being the needs, the funding needs in order to meet your goal and carry out your responsibility. We really get a better insight if we have that information.

Mr. BONNER. Senator, I know exactly what you are saying. I have been around, actually have testified before the Appropriations Committee and subcommittees, and I understand the important work that this committee has and must do, so I understand that. But you did put the request to Under Secretary Hutchinson, and I know that that is being looked at in terms of whether the Border and Transportation Security Directorate and the component agencies under the Border and Transportation Security Directorate can provide the information. The request essentially went to OMB.

Senator, with all due respect to you, sir, and to this committee, I will make it very clear the importance that you attribute to this and, frankly, the importance for the committee itself, the subcommittee, in terms of its evaluation of the budget request to have this information. I will get an answer back to you, but it will have to be after consultations with the higher-ups in the Department of Homeland Security.

Senator BYRD. Would you accept——

Senator COCHRAN. Senator, your time has expired.

Senator BYRD. Yes. I just have a P.S. here. Would you accept a slight modification to your own statement, "and the importance to the Department"?

Mr. BONNER. I will accept that as well.

Senator BYRD. I thank the Commissioner.

Senator COCHRAN. Thank you, Senator.

Senator Domenici.

Senator DOMENICI. Thank you very much, Mr. Chairman.

Well, let me stay with you, Mr. Bonner, for a little bit.

U.S. BORDER INFRASTRUCTURE AND TECHNOLOGY REQUIREMENTS

You heard me in my opening remarks talk about the borders of the United States between Mexico and Canada. I happen to know something about it because one of my early appropriations assignments, about 12 or 14 years ago, happened to be the subcommittee that had the border. That was the only time in the past 40 or 50 years that we did anything of a comprehensive nature in an effort to repair and modernize some of the border facilities.

So I have a very serious interest in the condition of the border crossings and the equipment on the borders with Mexico and Canada—I know more about Mexico than Canada. I have introduced a bill, on which I think we will have a hearing soon.

That says one of the shortcomings is that we do not have a master plan for how we go about bringing these border crossings current, which ones need to be reformed, remodeled, torn down, rebuilt, added to, et cetera, and in which order. We do not have any plan for what new technology there is and how we can implement the use of the new technology at our border crossings.

I say to you there is nothing more important with reference to the control of our borders, both for trade and contraband and illicit crossings than that these borders be made modern. Do you agree with that?

Mr. BONNER. I do. I am also familiar with a good many of the ports of entry, both on the northern and southern border, and we have some serious modernization we have to do, and infrastructure improvements to do that would permit better security with technology, and at the same time be able to better facilitate the movement of legitimate trade and people across——

Senator DOMENICI. Sir, I believe that border crossings between Mexico and the United States in particular require a little bit of vision, require that somebody begin to think about the future.

I can imagine a day when there would be a common border crossing manned by Mexicans and Americans, and that we would not go through two crossings, and that the technology be modern for both sides. I can imagine a couple of border crossings that would be built as now, within the next 18 months, as ultra-modern crossings with every modern type of technology available, sort of as a model to look at, to see what can be done for our borders to bring them into a better state of repair. This is not because we want them to look good or because I am a high-tech buff, but rather they will do a much better job.

Could you talk to that and could you assure the committee that you are going to look into modernization of these ports of entry and implementation of modern technology at the crossings?

Mr. BONNER. I will assure you right now that that is something that we are looking at, we will continue need to look at, and I would like to work with this committee and you, Senator, with respect to how that might best be done, where the priority areas are, and how we construct the infrastructure so that we are efficiently using the existing technology we have, detection technology and the like, radiation detection technology, and so on, in the best possible way.

I think this is a very important issue. It is something that I have been discussing with Secretary Ridge over the last 18 months or so. I have had discussions with the Canadians and the Mexican Government about how we might work better together.

Senator DOMENICI. Yes.

Mr. BONNER. Right now, we have maybe four or five very small ports of entry that are shared with the Canadians.

Senator DOMENICI. Yes.

Mr. BONNER. So it is not as if it has never been done. It can be done. We need to look at doing more of that.

Senator DOMENICI. I wonder if you would take a look at Senate Bill 539 and tell the committee what you think about it in terms of whether it might help meet the needs that you are identifying together for the border.

Mr. BONNER. Right. Is this the bill that you have recently——

Senator DOMENICI. Yes, that I have alluded to.

Mr. BONNER. Right. And as I think you may know, Senator, the Congressional Affairs Office has been working with members of your staff on that legislation. I have not studied it in depth yet.

Senator DOMENICI. Yes, I understand.

Mr. BONNER [continuing]. To be familiar with——

Senator DOMENICI. I do not need a lot of explanation on it. I would just like you to take a look at it, and through your good office comment for the record on what parts of it you think you need, and whether it should be implemented.

Mr. BONNER. I would be happy to do that. With your permission, Senator, is that something I can do and submit something for the record?

Senator DOMENICI. Absolutely——

Mr. BONNER. All right.

Senator DOMENICI [continuing]. In due course. Is that correct, Mr. Chairman?

Senator COCHRAN. We would appreciate the fact that you would do that. We will make that a part of the record.

Mr. BONNER. All right. Thank you.

[The information follows:]

S. 539

As requested, the Bureau of Customs and Border Protection (BCBP) has reviewed S. 539, the Border Infrastructure and Technology Modernization Act. The bill responds to the infrastructure issues facing many ports of entry. It would dramatically further address the requirements identified in the Ports of Entry Infrastructure Assessment Study completed by the U.S. Customs Service in consultation with GSA and other Federal Inspection Service agencies in June 2000. The agency appreciates the support of Senator Domenici and his cosponsors.

"FIRST USE" ASSURANCE FOR FLETC-OWNED FACILITIES

Senator DOMENICI. I will quickly go to my next question. It has to do with FLETC.

Ms. Patrick, there are some people that know that this Senator has a genuine and longstanding interest in FLETC.

That is why, Senator Byrd, quite by accident when I was a brand-new Senator, I attached a rider to a public works bill where FLETC was going to be built brand-new somewhere here in Maryland. I put a little rider on the bill and said, "Do not build it for

a year and look around the country and see if we happen to have a place we already own."

And guess what? In the 10 month of that study, they found this Navy base, which is where it is now, this giant facility in Georgia. It was found that way.

And so since that time, I have had an interest in FLETC, and a piece of it is now in New Mexico at Artesia. It is growing. What I would like to know from you, ma'am, on the record, I would like your assurance that as you look at training needs that you will, in fact, use FLETC's facilities first for the required training that FLETC is expected to do under the law. Secondly, that people will not be sent to other kinds of training centers and facilities in preference to a FLETC-owned facility, if there is facility available for such training. Can we have that assurance?

Ms. PATRICK. You can.

Senator DOMENICI. I believe you are already aware of that problem as it exists, as I have expressed it to you, in my office, are you not?

Ms. PATRICK. I am.

Senator DOMENICI. Sometimes agencies want to move trainees off to some other place closer to a home or where they would like to be, miles away from where the training, original training is, and you are going to look at whether or not that is a practical thing for FLETC in the future, is that correct?

Ms. PATRICK. Yes, I am.

UNMANNED AERIAL VEHICLES

Senator DOMENICI. My last question has to do with the use of unmanned vehicles on the border. Who is the expert on that? Does that belong to you too, Mr. Bonner?

Mr. BONNER. I may not be the expert on it——

Senator DOMENICI. Yes.

Mr. BONNER [continuing]. But it really belongs to me.

Senator DOMENICI. Could you tell me if there is a plan being developed as to where we will use and what we will do with unmanned vehicles in an effort to assist us with ascertaining what is going on our borders?

Mr. BONNER. Now, by unmanned vehicles, you mean the drone aircraft and that sort of thing——

Senator DOMENICI. Yes.

Mr. BONNER [continuing]. That have been used so successfully by our military——

Senator DOMENICI. Yes.

Mr. BONNER [continuing]. And—overseas?

I know there is a lot of interest in this, and I do not mean to be unresponsive. I have asked for a briefing myself——

Senator DOMENICI. All right.

Mr. BONNER [continuing]. As to how unmanned vehicles or drones could be helpful. I think there is some potential there, but I want to make sure that it makes sense. There is potential in the sense that we have, as you know, on our southwest border with Mexico, we have a huge problem that remains, and that is that we do not totally control the borders of our country.

Senator DOMENICI. Right.

Mr. BONNER. And we have huge amounts, significant amounts of both illegal aliens and illegal drugs flowing across that border through the ports of entry and between the ports of entry. We do not have in my judgment a sufficient surveillance air capability in the Border Patrol at this juncture for that. So it sounds like something that might be very, very helpful, but I need to understand how it would work and how it would work in conjunction with, let us say, cueing the Border Patrol, Border Patrol agents to the situation and——

Senator DOMENICI. Sir, would you take a look at it and, for the record, give us your best judgment of whether UAVs are going to be used, and how they might work, so we will have an understanding?

Mr. BONNER. Happy to do that, sir.

[The information follows:]

UNMANNED AERIAL VEHICLES (UAVS)

The Border and Transportation Security Directorate has asked the Science and Technology Directorate to evaluate the use of UAVs in a Border and Transportation Security environment. S&T was also asked to evaluate other potential applications.

Until the requirements have been scoped to determine the feasibility and extent of a UAV program, we cannot predict either what amount of funding or type of facilities might be appropriate for the Department to implement a UAV program.

At this time, it is unknown what the timeline would be for the Department to implement this type of initiative. A proposed project plan including milestones and deliverables is expected to be ready for review by early summer, 2003. The project plan will discuss a BTS-specific project as well as strategies in developing UAV initiatives in the near, mid, and long term for DHS venues such as borders and ports.

After UAV program feasibility, requirements and scope are determined, a more detailed assessment on available testing and deployment facilities would need to be made.

Senator DOMENICI. Thank you very much.

Thank you, Mr. Chairman.

Senator COCHRAN. Thank you, Senator Domenici.

Senator Murray.

24-HOUR MANIFEST RULE

Senator MURRAY. Thank you very much, Mr. Chairman.

Commissioner Bonner, let me begin by just thanking you for all of your efforts on the 24-hour manifest rule for U.S.-bound container cargo. You and I discussed this in my office, and I shared with you my concerns that the economic implications and the security implications as cargo is being diverted to Vancouver—and I know you have worked hard with the Canadians and I understand that they have agreed to implement a similar rule, and I really applaud that decision.

But I have to tell you I have real concerns that Canada is going to continue to use the time before implementing a rule to divert cargo and business from U.S. ports in the Pacific Northwest. This is really an important issue to us in Seattle and Tacoma, and I wondered if you could give me an update on your discussions with the Canadians on this issue, and specifically any information about when Canada will finally implement its 24-hour rule?

Mr. BONNER. Right. Let me bring you up to date on that. First of all, the good news is that the Canadian Government—and this was the Canadian Customs and Revenue Agency that was very

much involved in this—has decided to adopt essentially the identical 24-hour rule, and to move quickly to do that. They need to get some regulations out just like we would for comment and the like.

But I will continue, as I did at the shared border accord meeting with our Canadian counterparts in Halifax, Canada, just about 3 weeks ago, to prod them to move more quickly in terms of getting those regulations out and implemented.

I am very concerned about the issue that we discussed with respect to the potential diversion of container traffic from any U.S. sea port including the port of Seattle-Tacoma and so forth to Vancouver. I think you have seen some public statements I have made, and that is to say that if we believe that any shipping line is attempting to evade the U.S. 24-hour rule by diverting containers to, let us say, a Canadian port or any other port, we are going to increase our inspectional efforts with respect to those containers in two ways.

One, we have U.S. Customs and Border Protection personnel right now at Vancouver, at the Canadian port, and so we will be increasing and asking the Canadians to work with us to increase the rate of inspections for anything that appears to be diverted, because by definition, it is a higher risk container if somebody is trying to evade our advance manifest reporting requirements.

And secondly, we have a chance to examine it again when it reaches the U.S. border, either on a truck or by rail.

So I made it very clear, if we see evidence of that—and I would be happy to have further discussions with you on this, if we see evidence of that, we are going to take some action, and I have talked to, as you know, the head of the port authority there in Seattle, and I will continue to monitor that situation.

The best answer, though, is the Canadians adopt and implement their regulation that is identical to ours so there is no advantage by virtue of the advanced manifest information requirement by shipping cargo containers destined for the United States to Vancouver or to Halifax.

Senator MURRAY. Thank you. I really appreciate that and appreciate your staying on top of it, because it is both an economic concern, but it is also a security concern. And we want to make sure that they do not just say they are implementing the rule and it takes forever, and we have cargo coming in and moving to the United States in other ports. So I really appreciate your answer to that question.

CONTAINER SECURITY

Admiral Loy, I wanted to talk to you about container security. TSA received $28 million for Operation Safe Commerce back in 2002, and another $30 million for that in 2003. So far, not a penny of that money has been spent.

This is an initiative that I authored to enable TSA to ensure the security of the 6 million containers that come into our ports every year by monitoring their movement from the time they are loaded to the time that they are unloaded.

Now, TSA promised me that the 2002 funds for this initiative would be spent by February of this year. It was not done. Now, they are telling me it is going to be spent by June. I asked Sec-

retary Ridge about this last week, and he promised to get back to me, but I have not heard from him yet on this. So can you explain to this subcommittee why TSA has not moved forward on Operation Safe Commerce that has now been funded in two separate fiscal years to address terrorist threats to global container traffic?

Admiral LOY. Yes, ma'am. I will. You are absolutely right. The $28 million was a 2002 appropriation. For 2003 there was an amount of $30 million, and for 2004, we are asking for another couple of million dollars to sort of tidy up the program.

As you know, we have made a broadcast announcement with respect to applications from the three major load centers that are associated with Safe Commerce. You and I had spoken about the notion of port of origin to point of destination in transit, supply chain transparency for the obvious value that that represents. And we have worked with the Coast Guard, with Customs, now BCBP, on a variety of these challenges associated with Safe Commerce.

At the moment, there are implications in the spending plan that we will get to the Congress, I would hope, within days associated with Safe Commerce.

I can say that the application package that solicited from the three major load ports almost a billion dollars' worth of applications for how best to use those funds are in hand, are being evaluated, and are staged for. As soon as that spending plan is blessed, they will go out the door, such that the appropriated dollars, and not only for the $30 million that we have in 2003. We want to make sure those dollars potentially can become appropriated against that same application package.

Senator MURRAY. So can you assure me that all $58 million will be spent on this, and that it will not be diverted to some other program under TSA?

Admiral LOY. I cannot assure you of that, as we speak here this morning, Senator Murray. I think the potential for fixing, as Senator Byrd was inferring, the structural shortfall in the TSA budget for 2003 offers us unfortunately the challenge of looking for funds in places that have the potential for reprogramming or have the potential for being found.

Senator MURRAY. Well, I just have to say that is really disconcerting. We appropriated those funds properly through Congress, specifically for Operation Safe Commerce. The three ports that are involved, Seattle-Tacoma, Los Angeles, New York, have been working diligently now for almost 2 years to put together their requests. And we now have 6 million containers coming into this country that we do not know—and we have not tracked them, we do not know what is in them. This is a vital issue for all of us who have States that are close to these.

It should be a vital interest for every State in this country because of the economic impact. I do not want to see any of that money diverted. This is what Congress said it was to be spent for.

Admiral LOY. I understand.

Senator MURRAY. Well, we will continue to follow that throughout the process.

In fact, Commissioner Bonner, if you could respond. You are a member of the steering committee to implement Operation Safe

Commerce. Can you tell me why, from your point of view, none of this funding has been spent yet?

Mr. BONNER. I know that we are co-chairing with TSA and reviewing the applications for the funding that has been made available. And I understand that decisions with respect to funding are fairly close.

I do not know whether it is the $28 million or the $30 million. I think it is the first $28 million, but I could be mistaken.

This is very, very important, as you know, and I know Admiral Loy agrees, that we test out smarter containers, more secure containers that are moving from foreign ports to the United States. And that is what this funding is going to do.

I do not know that I can speak to the delay per se other than I know that there has been a process of getting applications from the various ports and the various parties in interest here, and making some decisions with respect to which proposals make the most sense in terms of giving us, potentially, at the end of the day something that would be useful to us for purposes of securing containers.

Senator MURRAY. Well, let me just say that the ports all have their requests in, and if the delay is so that we can divert funds, that is not acceptable. We need to get this money out there.

And, Admiral Loy, you said in your opening statement that you care about security in all modes of transportation. If we cut container security initiatives, we are not paying attention to all modes of transportation. So this is something that I am going to continue to follow and I want to have follow up conversations with you on this.

I want to make sure this money goes to container security. We have ports in this Nation that are extremely vulnerable right now with all of these containers coming and we do not know what is in them. And I just simply think we cannot ignore this, and we cannot divert the funds that are supposed to go for that important initiative. So I will continue to have this discussion with you.

Mr. BONNER. We do have information, Senator, in terms of what is in containers and that sort of thing. We have required that by regulation now, before those containers are even loaded on the foreign ports.

So we do have information about what is in there. We are evaluating that information. We are making risk management decisions as to which containers pose a high risk for security, and need to be screened. And under CSI we are now doing targeting and screening at foreign ports in Singapore and so forth.

Senator MURRAY. I understand that. But there is a difference between doing that at the port and doing it, tracking that container, knowing where it is and where it comes in. And not just at the port. In the Port of Seattle, it is loaded onto a truck or a train and it ends up being unloaded in Chicago or somewhere else. So knowing what is in that container and keeping track of that container is an important initiative in terms of security.

Admiral LOY. Across the entire supply chain, as you describe.

Senator MURRAY. That is correct.

EXPLOSIVE DETECTION SYSTEMS

Admiral Loy, I am also very concerned with the delays in funding, the extraordinary costs of installing the explosive detection systems, EDS systems, at the new south terminal expansion at SeaTac Airport in my State. Over the last couple of years, I have worked to provide your agency almost $500 million more for those airport modifications than your Administration requested of Congress. Both the 2002 supplemental appropriations and the 2003 omnibus specifically cited the needs of the projects at SeaTac. And just a few days ago, you announced, I believe, your attention to sign letters of intent to fund these airport projects and said that Seattle would be one of them.

But it is my understanding these letters have not been signed. Can you tell me when you expect to finally sign a letter of intent with the SeaTac Airport on that?

Admiral LOY. Senator Murray, I hope we are able to do that within a week or two. Our whole capacity to fund what this organization is responsible for is bound up in this spending plan challenge that we have had for 2003. You know how difficult that has been from the very beginning. In the aftermath of the original request, which of course developed 4 or 5 months' worth of CR challenges for those of us who had to live within that, including in the TSA's part that the first quarter, which was enormously capital intensive for us, because that is when we had hoped to purchase all the rest of the EDS equipment and pay an enormous amount of contractor support in the first quarter of fiscal year 2003.

Living under the CR, there was an enormously difficult financial challenge for us. When it led to the omnibus bill, where the Congress then chose to allocate within the President's request over $1 billion worth of allocations, that has prompted this structural shortfall in terms of very important things the Congress wants to do, very important things the Administration wants to do, and literally trying to get $6 billion worth of work in a $5 billion kind of a framework.

The war supplemental offered the Congress an opportunity to fix about half of that problem, which they did. And over these last weeks, we have been working diligently with DHS and OMB to fund the rest of that structural challenge.

The LOI instrument that has now been blessed by the Office of Management and Budget, as well as the Congress, offers us a chance to break through with respect to these EDS installations and literally leverage $1 billion or more worth of private sector monies to do these security projects and then reimburse those airports over multiple budget cycles to come. I believe that is the right way to do this work. And we have those literally poised negotiated settlements with a number of the airport directors, including SeaTac, ready to go as soon as the spending plan is approved by the Hill.

Senator MURRAY. Okay. I appreciate that. And just one other question. Is your letter—will your letter of intent commit some 2003 funds to this project, or are you going to be requiring SeaTac to do a future?

Admiral LOY. I will have to call you on the specifics in the SeaTac piece. There are a number of these negotiated settlements with the airport directors where they preferred to gain the letter of intent but with the zero funding line for 2003 to be then paid over 2004, 2005, 2006, as appropriate. I will call you with the specifics of the SeaTac LOI.

Senator MURRAY. Thank you.

DELAY IN RELEASING FUNDS

I know my time is up, Mr. Chairman. I would remind all of us that the President vetoed $480 million for this agency in the last request. And I am deeply concerned that we do not have the funds available today for many of these projects. And just on Operation Safe Commerce, let me just go back to that.

If you are delaying the release of this money simply so that you can divert it to other causes, that is unacceptable. These ports have been working diligently to do this. It is extremely important that we get this done. And I will follow up on this with you later.

Admiral LOY. I look forward to that follow-up, Senator Murray. And we are not delaying it for the sake of diverting the money. The challenge associated with this organization is to have the legitimate spending plan for the rest of the year. Where that involves DHS authorities and the use of them and where that involves the potential for reprogramming is to be notified to the Congress very shortly. That is the package that is keeping us from pressing on.

We are staged to press on with all of this work as soon as this spend plan comes clear.

Senator MURRAY. Thank you, Mr. Chairman.

Senator COCHRAN. Thank you, Senator Murray.

FEDERAL FLIGHT DECK OFFICER TRAINING

Admiral Loy, the Homeland Security Act authorized the use of firearms by pilots to defend their aircraft against hijacking or other criminal activity that was life threatening. The Transportation Security Administration has recently completed the training of 44 pilots, who have been sworn in as Federal flight deck officers. We notice your budget request suggests that over $17 million for this training should be approved for the next fiscal year. It is a substantial increase over current-year funding.

Let me ask you the question of whether or not TSA is going to continue to do this training. Do you intend to contract it out to private sector training centers or to use the Federal Law Enforcement Training Center for some or all of this training?

Admiral LOY. Senator Cochran, as you know, the 44-student prototype was conducted at FLETC in Glynco, and tremendous support came from the facility manager and all the folks that were part of the training there. My intention is to certainly press forward with FLETC-based training for the FFDO program.

There are, for example, however, midyear recertification requirements that do not necessarily, I believe, call for a trip to Glynco, Georgia, to get that work particularly done. So we are very much a part of the plan that Ms. Patrick was describing to you in terms of a 5-year game plan for how to optimize the use of FLETC not only in Glynco, but in Artesia, as well.

I have encouraged a number of private sector training site owners to work with FLETC to get under the wing of what FLETC's wide reach might be to find the right place to do this training on down the road. But the basic original training we would like very much to continue to do within the FLETC organization, sir.

Senator COCHRAN. Ms. Patrick, what is your assessment of the training program and the capacity of your center to carry out this responsibility?

Ms. PATRICK. The pilot program that was just conducted there, I believe that it is currently under review and that they are evaluating the program as we speak, in terms of making any modifications to the program that would enhance the skills of the pilots. So I think that they, the TSA, is doing the current review consistent with our methodologies and the way in which we conduct training.

And the most important part of that training program is actually the review and the after action that follows any training course that we give. So I think that they are doing a very good job of that.

In terms of conducting the training and the training needs, we do intend to accommodate their training requests. However, as Admiral Loy mentioned, as is true with all of the agencies that we train, every year they are required, especially in the area of firearms, to receive recertification training. And we will and continue to use export training sites located around the United States that our National Center uses to accommodate that training. And in those instances, we do contract for trainers to provide those services when there are no available FLETC resources to do that.

AIR CARGO SECURITY

Senate COCHRAN. The Senate last week passed a bill called the Air Cargo Security Improvement Act. It would put into place several enhancements for security of cargo transported by air, particularly aboard passenger aircraft. The Transportation Security Administration is requesting $10 million for the research and development of an air cargo pilot program in this next budget year.

The Act allows for pilots and crew members of air cargo aircraft to carry firearms, such as the way passenger aircraft pilots are permitted to operate now. There will also be funding needed to train Federal flight deck officers with the possibility of an additional 15,000 air cargo pilots being authorized. Do you feel that the Transportation Security Administration can carry out this responsibility with this amount of funding?

Admiral LOY. We do, Mr. Chairman. The challenge, of course, is to attempt to project the number of volunteers from the greater pool of pilots, both commercial pilots for passenger aircraft, as well as the added number of air cargo pilots that will actually want to become Federal flight deck officers. We do not really have a very good feel for that. I have seen estimates that range from as low as 18 or 20 percent of the total population, which is pushing 80,000, as you know, to as many as half.

We will just have to see how the volunteers step forward for the program. As it relates to the cargo pilots being included in the pool, I think TSA is basically silent on that question. If, in fact, that is the Congress's desire, that you add the pilots from air cargo to the pool, so be it.

I have a couple of challenges with the bill, our thoughts with the bill, as it went down. And I look forward to working with the Committee as that continues on its way. For example, allowing any trained individual to be sitting in the jump seat and travel armed, whether or not it is an employee of that particular airline that is flying that plane. There are a couple of subtle things like that that are part of the bill, as I see it today, sir, that I would like to continue the dialogue with the committee on.

Senator COCHRAN. I am sure others would join me in welcoming your input and observations on that. We would be glad to have the benefit of your suggestions.

AIR AND MARINE ASSETS

Mr. Bonner, the Bureau that you are now in charge of has brought together a wide variety of physical assets, like planes, boats, and helicopters, that may now be the subject of new management efficiencies. Do you have plans for streaming the procurement or maintenance of these physical assets so that we derive some efficiencies and can also make our funds go further because of this consolidation of activity?

Mr. BONNER. Well, let me say first of all that it is true that Customs and Border Protection, by virtue of having the Border Patrol, actually has a significant number of air assets. I think it is 100-plus, mainly helicopters, also some marine or small boat craft. On the other hand, as part of the reorganization, the U.S. Customs Air and Marine Interdiction Division, which also had aircraft and helicopters and some boats, it moved over to BICE. So to the extent there is——

Senator COCHRAN. For those of us that cannot remember all the acronyms in this town, what is BICE?

Mr. BONNER. BICE would be the bureau that is not here today. That is the Bureau of Immigration and Customs Enforcement. About 15 percent of the old U.S. Customs that represented the special agents, the criminal investigators, and the Air and Marine Interdiction Division that did air and marine interdiction, at or near our borders, went to BICE.

So the upshot is that I have some air and marine assets still, from the Border Patrol, but I no longer have those formerly in U.S. Customs. I think there can be tremendous efficiencies here, both with respect to procurement and maintenance and, frankly, mission, that we ought to achieve.

But it is going to be something that we have to figure out how to do at a higher level than Customs and Border Protection, because I do not control all of these assets or the budget for them. It is going to have to be done at the Border and Transportation Security level. We must figure out, one, how do we make the most efficient use of these assets to perform the border and the interdiction mission? And secondly, how do we do this in way that also achieves some economies and efficiencies with respect to procurement of aircraft, as well as maintenance and other issues?

So we will be working on that issue. It is just a little bit more complex because it involves more than just Customs and Border Protection.

Senator COCHRAN. Thank you very much.

Senator Byrd.

Senator BYRD. Well, again, thank you, Mr. Chairman.

FISCAL YEAR 2003 SPENDING PLAN

Admiral Loy, the Transportation and Security Administration advised Congress that we would be provided with a spending plan for how you intend to obligate the funds appropriated to your agency for this fiscal year. We are now in the 8 month of this fiscal year. We have yet to be provided with such a spending plan. We are told that your agency faces a significant funding shortfall, perhaps as much as $1 billion. We have not received a supplemental request from the President to cover that shortfall or to meet it.

The administration opposed Congress's efforts to, or at least our efforts, to add funding to the recent supplemental to close the operating deficit. Do you believe that you can live within your current budget? And if so, what steps are you taking to do so?

Admiral LOY. Thank you, Senator Byrd. As I described just a moment ago, answering Senator Murray's question, I believe, Senator, that we are in this classic challenge of trying to understand the job description on one hand and the budget envelope on the other that will facilitate that work to be done.

This is a brand new agency, which was set out to accomplish, first of all, the enormous set of mandates that the Congress provided immediately in the wake of the 9/11 tragedy. And here we are, essentially a year-and-a-half later, grappling with, I will call it, the sticker shock associated with what it takes to get the work done that the Congress has stipulated in the original legislation, which founded the organization.

Senator BYRD. This is about as I predicted.

Admiral LOY. I am sorry, sir?

Senator BYRD. This is about as I predicted——

Admiral LOY. Yes, sir. As a matter of fact, it is.

Senator BYRD [continuing]. When we had this legislation before the Senate.

Admiral LOY. Yes, sir, as is clearly the case. So we have gone over the course of time here literally with spending plans being briefed to the committees, the appropriating committees, over the course of the last year, a different committee, to be sure. But we brought forward a spending plan in September. We brought forward a new spending plan in December.

Then we got on into the omnibus bill and the war supplemental that followed, all of which was a struggle between not only the agency trying to do the right thing, the Congress and the Administration also trying to do the right thing, and sorting the job description and the budget envelope necessary to do this work by this organization.

As you just described it, as we walked away from the omnibus bill, we were in about a $1 billion hole. As we approached the war supplemental, the Congress was able to identify about half of that differential and make that significant assistance available in the war supplemental.

These past weeks, I have been working day in and day out with both the Department of Homeland Security and the Office of Management and Budget to accept that war supplemental differential

and then find in DHS authorities or reprogrammings, as appropriate, the wherewithal to close this spending gap for this organization for fiscal year 2003. That package is literally on the doorstep. I provided that to DHS and OMB a couple of weeks ago. And I believe it is literally about to be walked to the Congress almost as we speak, sir. That will define what we will try to do for the rest of fiscal year 2003.

Senator BYRD. What was the reception at OMB?

Admiral LOY. The reception at OMB was to recognize the authorities that the new Department of Homeland Security had in terms of finding monies within the structural authority that the new Secretary owns and to offer the notification back to the Congress of the intended reprogrammings necessary to make the agency whole for fiscal year 2003.

TSA SCREENER WORKFORCE REDUCTION

Senator BYRD. On April 30, TSA announced a plan to eliminate 6,000 airport baggage screener positions. TSA took the action to bring total baggage screening staffing down closer to the limits in the fiscal year 2003 omnibus appropriations act and the 48,000-person level required in the President's fiscal year 2004 budget. As of March 31, TSA had 55,600 screeners at the Nation's 427 commercial airports.

Your plan would reduce staffing by 3,000 persons by the end of this month and an additional 3,000 by the end of the fiscal year. However, this action is expected to save approximately, is that $3 billion? How much is it that you expect to save?

Admiral LOY. The annualized rate of those savings would be about $280 million next year, sir. But that is already internalized in the President's request.

Senator BYRD. This is narrowing the nearly $1 billion funding gap, is it not?

Admiral LOY. Yes, sir.

Senator BYRD. I say hardly narrowing. Is that correct?

Admiral LOY. That is correct, sir.

Senator BYRD. TSA should provide Congress with a complete plan for closing the gap. On April 30, as I say, this plan was announced. This reduction of 6,000 positions by the end of the fiscal year is approximately 12.6 percent of the total screener workforce. Clearly, you must take difficult steps to get your agency's budget under control. And I would not want to try to second guess you, but I am concerned that screener reductions at some airports might be too steep.

Of the Nation's 427 commercial airports, 12 airports are losing over 50 percent, more than half of their screeners, while 151 airports are actually gaining screeners. I am specifically concerned about the proposed reductions at Charleston, West Virginia's Yeager Airport, which is scheduled to experience a 54 percent reduction in baggage screeners. Your plan would reduce the number of screeners from 63 screeners to 29, a 54 percent reduction.

This is far in excess of the national average reduction of 12.6 percent. And the Yeager Airport has not experienced a sharp reduction in the number of passengers using the airport. Your decision, as it relates to the Yeager Airport and the 11 other airports just does

not make sense. And I speak with, I think, considerable knowledge with reference to the Yeager Airport.

Please explain why 12 airports would lose over 54 percent of their screeners and, in particular, why Yeager Airport is being cut by 54 percent.

Admiral LOY. I will have to get back to you and will, Senator Byrd, on the specifics of the one airport you asked me about. Let me describe, though, that in a number of cases across the country we found that we were just an awful lot smarter 7 or 8 months later than we were when we originally put allocations at these respective airports. There were a number of places where they were simply over-hired by mistake by the contractor that we had doing that work for us in the turmoil of the first year of this organization's existence.

Our challenge needs to be to focus on positions necessary to conduct the business at the airport, not the body count that might happen to be there at the moment. So in many instances—I do not know whether Yeager is among them, sir—we have found that there were hirings well in excess of the required work to be accomplished at the airport and are acting accordingly.

This is not just a budget-induced adjustment. I believe that I owe this subcommittee, as well as my boss back in DHS, a notion of efficiency and effectiveness and good stewardship of the taxpayers' dollar in addition to the emotional thrust that we all took over the course of the first year by making judgments toward security virtually at every fork in the road that we came to.

That is the effort that we have undertaken. It is now buttressed by several technological opportunities that we have. As we go from very people-intensive ETD machines and make the installations permanent of EDS equipment across the country, that will save an awful lot of money. When we have finished the information technology architecture at our respective airports, we will be able to get the right kind of management-scheduling software available to the Federal security directors to optimize the use of the people that he has there.

So there are a number of things that play, Senator Byrd, with respect to why we are doing it and how we are doing it. I will get you a very solid review, sir, of the airport that you asked me about.

Senator BYRD. Will you get that to the subcommittee?

Admiral LOY. I will, sir.

[The information follows:]

SCREENER REDUCTIONS

An equitable process is being applied to the screener workforce reductions for all airports, using objective, fair, consistent, and pertinent factors in determining appropriate staffing levels regardless of airport size or location. There is no intention to single out West Virginia airports for larger reductions. Initial analysis revealed that Yeager Airport currently has a larger screener complement than necessary to operate the single passenger screening lane. As the process moves forward, TSA is inviting Federal Security Directors, community and airport leaders, and others to provide feedback in the form of airport specific information or other factors that are expected to drive TSA's upcoming refinement process. TSA will evaluate all the newly obtained information and will refine the preliminary numbers using this information and originating passenger data to arrive at a far more accurate reflection of the staffing needs at all airports. We will keep you apprised of the results of our on-going process to provide efficient, effective screening.

Senator BYRD. It is important that the subcommittee know, as well as that I know.

Now keep in mind here, I board a plane at Charleston, West Virginia. It has a straight, direct course to Washington, the capital of the country. I think we have to keep that in mind. It is not a large airport, like Chicago or Washington or New York. But it is on a direct course.

So then you will—will you review your decision regarding these hard-hit airports?

Admiral LOY. I absolutely will, sir. We are doing it routinely. I have asked my Federal Security Directors, as I said earlier, in consonance with the airport directors, the two of them getting together and thinking through very carefully the numbers involved in getting any challenges and their corrections back to us.

MARITIME AND LAND TRANSPORTATION SECURITY

Senator BYRD. Your agency is entitled the Transportation and Security Administration, not the Aviation Security Administration. Yet within your agency's $4.8 billion budget request for next year, only $86 million is requested for maritime and land security activities, while over $4.3 billion is requested for aviation security. Last week I asked Under Secretary Hutchinson why less than 2 percent of the transportation and security budget request is for maritime and land security. That is more than $1 in $50. And I asked him why the $218 million budget request for administrative costs associated with TSA headquarters and mission support centers is 2.5 times greater than the request for maritime and land security. And I did not get a very convincing response.

I say this with all due respect to Under Secretary Hutchinson. I am quite impressed with him as a man, man of ability. And I have great admiration for him. And I know that he has a big, huge responsibility here. But after all, we do have to try to get the answers to our questions. And in order to do a good job of adequately funding the agencies, we need the information that we ask for.

I simply am not satisfied with the view, the apparent view, at least it seems that way, that port security is solely the responsibility of the ports. Ports focus on moving goods through the ports swiftly. The Federal Government must do more to direct the ports to focus on security and to provide resources to do so. Just 1 year ago this month, we were receiving reports that up to 25 Islamic extremists had entered the United States as stowaways in cargo ships. Our ports are vulnerable. And our ports need the funds to begin protecting them now.

Over $1 billion in grant applications were received in response to the original $105 million appropriated for port security grants in the fiscal year 2002 supplemental. Last week I asked Under Secretary Hutchinson if he would commit to allowing the $150 million provided for port security grants in the omnibus appropriations act to be used to address the $1 billion in grant applications sitting on his desk. Rather than run another competition for this next set of funds, does it not make more sense to use the additional $150 million provided by Congress just 3 months ago to address what is unarguably an urgent need for enhanced port security?

Admiral LOY. I think it is absolutely the case that it is the right thing to do, Senator Byrd. And I think we can probably not only deal with that $150 million, but the additional $20 million that was appropriated in the war supplemental as well.

So I think, based on the fact that we have, as you described, over a billion dollars worth of applicants, or applications in hand, we have every intention of distributing all the port security grant monies for 2003, including the 150 and the 20 against those applications.

Senator BYRD. Well, the Congress, let me just say for the record again, that the Congress has included in three separate emergency supplemental bills, as well as in the fiscal year 2003 omnibus appropriations act, funding for port security grants. In total, $348 million has been provided. However, none of this was requested by the administration. And only $93 million has been distributed to the ports to date. While the administration was eager to sign the Maritime Transportation Security Act, they have been silent on the costs associated with implementing it.

I have just another brief question or so.

COMPUTER ASSISTED PASSENGER PRE-SCREENING SYSTEM

Admiral Loy, when Under Secretary Hutchinson testified before the subcommittee, I asked him about the Department's plans in regards to CAPPS II. Air travelers are very curious about this new system because it will examine information about people attempting to board a plane and will use that information to assign a threat level to each passenger. This is an important endeavor for Homeland Security, but there are many troubling questions raised by such a system, not least of which is what information will the Government use to determine threat level.

I asked Secretary Hutchinson to tell us whether consumer debt history would be included in such information. He told us it would not. Secretary Hutchinson's answer did not quite set the record straight. Since his testimony, there have been numerous media reports that name credit history as one of the factors that CAPPS II may examine.

On January 15, 2003, the Department of Transportation issued a notice in the Federal Register that named "financial and transaction data" as one of the categories of records for CAPPS II. You have not issued a new notice or a CAPPS II guideline since January 15. Will you issue new updated guidelines that reflect Mr. Hutchinson's assertion that credit history will not be part of the CAPPS II system?

And I do not care if you check my credit history. I have been married now 66 years come Thursday, 2 weeks from now. And the only items that my wife and I have purchased on credit in those 60 years was a bedroom suite to begin with. And that was purchased at the coal company store. And I paid $7.50 every 2 weeks on that.

Admiral LOY. Is that paid off now, sir?

Senator BYRD. How is that?

Admiral LOY. Is that paid off now, sir?

Senator BYRD. I did not understand you.

Admiral LOY. Is the bedroom suite paid off at this point?

Senator BYRD. Well——

Admiral LOY. That is none of my business, sir. And I apologize.

Senator BYRD. We are supposed to ask the questions here.

And, of course, we had to go in debt for the first house we lived in, when we moved to Washington 50 years ago.

Admiral LOY. Yes, sir.

Senator BYRD. But we paid that off just in a couple of years. And in debt for the present home. And I cannot remember any other item we have ever gone in debt for. We do not owe anybody. So I can ask these questions without any trepidation.

What steps will you take—did I get an answer for the first question? Will you issue new updated guidelines that reflect Secretary Hutchinson's assertion that credit history will not be part of the CAPPS II system?

Admiral LOY. Absolutely we will, sir. We intentionally put the Federal Register notice out literally as widely as we could. We recognized from the very beginning the importance of the privacy end of this project. If I may, sir, you have given me an opportunity to just describe a couple of things about CAPPS II that I believe are fundamental and critical to our doing a better job with passenger pre-screening.

First of all, the system that is in place today is broken. It is run by the airlines in a wide variety of different ways, from hand-held mimeograph lists to sophisticated software on the other end with respect to name recognition. These are enormously high stakes. Our first and foremost challenge, as directed by the Congress, was to keep terrorists off airplanes.

CAPPS II will become a very narrowly focused threat assessment tool that will allow us to do an infinitely better job of identification authentication so that the person who claims them to be Joe Jones we have some confidence level that they are actually that person.

Secondly, they will use a much stronger list of foreign terrorists that has been developed principally by the Justice Department over the course of this last year-and-a-half, so that we have a firmly identified person being bounced off a firmly put-together list, not a haphazard list, not just a name only kind of recognition as to whether or not the person is who he claims to be.

They will also have a system that will allow us to sort of rheostat it based on the intelligence that we have for that day. If the intelligence for that day is threatening about an airline, about an airport, about a region of the country, about a flight, we will be able to adjust resources, both in terms of Federal air marshals, screeners at our airports, or even potentially the Federal flight deck officers that we have just begun to put into our system.

This is not about data mining. This is not about NCIC checks or credit checks on creditworthiness of a person one way or the other. There are many of us who perhaps would actually find that if our creditworthiness was not so hot, that would prove that we are Americans. But we are not going there in any case, as to checking creditworthiness as part of this process.

There will be no data held on these travelers, with the exception of those that are determined to be potentially foreign terrorists or those who are hanging around with them. And there will be abso-

lutely no racial or ethnic profiling as part of this project that we are building.

I have personally conducted, and my team has conducted, an extensive outreach to the privacy community. We have held off-sites with privacy officers from the business world with the most strong advocates of the Fourth Amendment anywhere in this country. And we are learning from them as to what ought to be the privacy strategy that is in place as part of this project.

We have briefed the Hill several times and look forward to any other opportunities to educate either the Committee members or their staffs as to why this project is so important to our future.

PRIVACY RIGHTS

Senator BYRD. Well, you have answered my next question, it being what steps will you take to protect air passengers' privacy rights? Are there any additional thoughts you have on that question?

Admiral LOY. Only that as we have worked with the privacy advocates and communities, sir, they have four or five basic things that they want to be assured of. First of all, they want to be assured of an oversight of what we are doing that is ongoing in nature, not just a check in the box at the point we get the thing blessed and press on, but an ongoing oversight responsibility for making sure we do not allow mission creep to enter into that system.

They want a protocol for redress, if they, any individual, American citizen, feels they have been wronged at the pre-screening process, that they have a means by which they can get redress to the system. They want to make sure that the information that they are offering, which is, by the way, a traveler-initiated information package, name, address, phone number, date of birth. Those are the four things that we will be asking for as part of the process. That the security associated with anything uncovered as a result of providing that information is very real. These are standards that we want to build into that next privacy notice to make sure all of America understands what this project is about.

Senator BYRD. Will the new notice name the precise databases of information CAPPS II will collect about air passengers?

Admiral LOY. I do not know that we have any reason not to name those in the privacy notice that will follow the rest of our review, Senator Byrd. But if you will, sir, I would be happy to get back to you, as we are about to formulate that second Register notice and advise you directly at that point.

Senator BYRD. And how long will that be? I mean, how soon will that be?

Admiral LOY. We are talking about weeks, perhaps a month. We are not talking about months or a year. We are anticipating that the developmental work on CAPPS II will proceed and that likely we will be at a point of having it online for America sometime in the spring of 2004.

Senator BYRD. So you will supply the subcommittee with that information?

Admiral LOY. I will, sir.

[The information follows:]

CAPPS II

CAPPS II will use commercial and government databases. The new notice will identify all of the information that will be collected on passengers and brought into the government system of records. TSA will not, however, identify the commercial data providers in the notice because CAPPS II will merely obtain authentication scores from commercial data providers and the underlying data belonging to commercial data providers will not be brought into the CAPPS II system. Furthermore, for security reasons, the notice will not disclose the nature or details of government-owned intelligence or other data that will be in the system.

Senator BYRD. Just another question or so, Mr. Chairman. And will the guidelines, in your opinion, be as clear as you have been today?

Admiral LOY. They will be directly that clear, sir. Absolutely.

Senator BYRD. Just a postscript with regard—well, I will hold that for a moment.

Admiral Loy, you were the Administrator of TSA last fall when you transmitted through the Department of Transportation to the OMB your request for fiscal year 2004. As a former Coast Guard commandant and as the Administrator of TSA, I am interested in your specific views of the resource needs for TSA. Would you tell us how much was requested at the OMB level?

Admiral LOY. Senator, I will be happy to stand right beside Judge Bonner when we report back to the Committee. But let me just say two things——

Senator BYRD. Now the head of this pin is getting awfully narrow.

Admiral LOY. I understand. And we are dancing and trying to keep both feet off the ground, sir.

Two things. I think the judge hit directly on the head of that pin when he described the opportunity that must be present for the new Secretary to consider the kinds of dispersion of, for example, threat assessment monies that are important for the whole range of what the Department is now responsible for. So many of the dollars that we had identified, for example, outside of aviation for what we thought was important work for TSA to press on with have been momentarily gathered at the Secretary's level to allow him the benefit of making judgments as to where the most important dollars could be spent for the well-being of our homeland.

I think that is an important step for him to take. And I think it was the right thing for the gathering of such things as vulnerability assessment dollars that had been requested to be centralized in the new directorate known as the Information Analysis and Infrastructure Protection Directorate and allow Secretary Ridge the first opportunity to disperse those funds in the right direction.

I trust, and I have every confidence, that a lot of those dollars are going to find their way back to transportation issues in ports, in rail, in transit systems, and other such work as I have offered to the Secretary to get on with.

Senator BYRD. Well, thank you, Mr. Chairman. And thank you, all members of the panel.

May I just say in closing that my references to my own personal financial data were not intended to be bragging. My old mom used to tell me that a self-braggart is a half-scoundrel. But I think I want to make it clear for the record that my wife and I have always handled our business the old-fashioned way.

Admiral LOY. As we all wish we could, sir.
Senator BYRD. We all might do better if we tried.
Admiral LOY. You bet.
Senator BYRD. Thank you.
Thank you, Mr. Chairman.
Senator COCHRAN. Thank you, Senator Byrd.

LETTERS OF INTENT

Admiral Loy, the budget request submitted by the Transportation Security Administration does not include any requests for funds for installation of explosive detection systems. But I notice in your testimony you mention that there is an intent to amend the request to include funds associated with the Letters of Intent program.

Do you have a plan or a timetable for when you are going to submit this or how much you will be requesting to carry out the Letter of Intent program?

Admiral LOY. I think it is important for two things to be brought to this discussion, sir. First of all, I think it is so important for this program to press forward that my commitment to the Department of Homeland Security has been that I would find monies within the request already on the table to press on with the EDS installation program.

I also see that in the reauthorization legislation associated with the air, what used to be Air–21, there is a notion of a substantial fund being established to provide for the funding of major security projects at airports. There was originally a discussion associated with whether that should be dealt with inside the Department of Transportation or within the Department of Homeland Security.

I would hope that if they are truly, if the intent of that segment of the bill is to fund security projects for our country about aviation, that they would be in the Department of Homeland Security and made available to TSA to administer. That would be an appropriate means by which we could find those dollars to do that work.

LAW ENFORCEMENT OFFICERS

Senator COCHRAN. There is, in the TSA's plans for this year, agreements with local airports and State agencies for uniformed officers at security checkpoints. Now there is an announcement, I understand, that has gone out that TSA will not reimburse local airports for law enforcement officers. We had a couple of airports in our State that had been counting on some funding to help pay the costs of providing uniformed officers at security checkpoints.

What is the explanation, or is there any rationale, for changing your mind about reimbursement for the expense of local law enforcement officers at airports?

Admiral LOY. Yes, sir. I will be happy to provide that. As you know, the original ATSA legislation required Federal law enforcement officers to be stationed at each checkpoint across our country. Those responsibilities were largely fulfilled by the National Guard in the immediate wake of the tragedies of 9/11. As the National Guard disbanded from the airports, State and local officials, law enforcement officials, filled the gaps with absolutely excellent performance across this last year.

Our first recognition of whether or not the original law needed adjusted was to take out the word Federal. And we got the technical amendment associated with that accomplished. Just in the course of the last appropriations cycle, the requirement that they be stationed at the checkpoint was also eliminated. We felt, after having observed this and with the great counsel from the State and local people who have been doing this work for us, that there was an infinitely greater capacity for law enforcement to be done at the airport, if we went toward a flexible response kind of an approach, where they were not rigidly stationed at the checkpoint, rather could be roving to a standard of response to get back when necessary, if something happened at the checkpoint, but in the meantime could be doing excellent law enforcement surveillance work, counterdetection work, other very good things that those officers could be doing for us at the airport, not unlike they had actually done many times before 9/11/01.

So my announcement on the end of this month will be that, A, it is no longer required for that officer to be rigidly stationed at that checkpoint. And we will adopt a flexible response approach.

We will eliminate the existing memoranda of agreement associated with doing that and, where appropriate, renegotiate reimbursable agreements in airports across the country. We think we will probably be able to provide better security at far less money for the American taxpayer.

PROFESSIONALISM OF AIRPORT SCREENERS

Senator COCHRAN. I appreciate that. And, in closing, I wanted to make an observation and ask for your reaction to it. Members of the Senate and Congress, as well as others, I am sure, travel a good bit on airplanes. We have an opportunity to observe the passenger screening procedures and the personnel conducting those operations at a number of airports throughout the country.

These individuals are charged with doing the things necessary to assure that our airplanes are safe from hijackers and others who are likely to cause or engage in terrorist activities, hijackings, or commit crimes. It seems to me that there is a wide disparity between airports and among different individuals who are working to screen passengers. There ought to be some way to standardize and have a predictable level of competence and courtesy, building confidence among those who are traveling by air that the screeners know what they are doing and that we have good people, talented people, working throughout the air passenger system.

But that is just not the case right now. I mean, there is a wide disparity from airport to airport. I was surprised and really very pleased this weekend, when I came across some airport screeners who were very courteous and almost treated us all as if we had not been convicted of a terrorist act as we were proceeding through the lines. Others tend to be pretty aggressive and some even mean-spirited, it seems.

I wonder when we can expect to get to the point where we can count on a predictable level of competence and courtesy, that the air-traveling public can expect, as we go through the lines and are screened before we get on the airplanes?

Admiral LOY. Actually, I am very disappointed to hear that report, Senator Cochran, because we had been working very diligently to gain passenger feedback by focus groups and asking questions of folks who are actually in the middle of the experience across the country. And on balance, our feedback had been that the courtesy, respect, professionalism of the federalized screening force that took the place of many of those screeners of the past, who unfortunately were more apt to be described as you just described them, and that we had actually done a very good job in that regard.

Our training program was exactly the same from coast to coast. And to the degree there is a leadership challenge for that Federal Security Director to mandate from his workforce the descriptors you just described, that is exactly the standard that I want those screeners to deal with across the country. I will personally put out a message reinforcing that, because that is what we taught at the training. And if it is not there, I would actually like to know about that, so that I can fix it anywhere in the country, sir.

Senator COCHRAN. Well, we appreciate that. I think it is a matter of leadership. And I am not suggesting that you are not a good leader. But somewhere down the line at some airports there is a breakdown in that.

Admiral LOY. Yes, sir. We need that feedback so we can correct that where it is appropriate.

ADDITIONAL COMMITTEE QUESTIONS

Senator COCHRAN. We have another hearing that we had scheduled, where we were going to review the budget request for the Department of Homeland Security's Information Analysis and Infrastructure Protection. The individual named to that position has not been confirmed, so that hearing is going to be postponed and hopefully will be rescheduled at a later date.

As you know, Senators may submit additional questions to you to be answered for the record. And, we hope you will respond to those questions within a reasonable time. We appreciate very much your cooperation with our efforts to review your budget request. We look forward to continuing to work closely with you as we try to identify the priorities in a thoughtful way to help ensure our Nation's security.

[The following questions were not asked at the hearing, but were submitted to the Department for response subsequent to the hearing:]

QUESTIONS SUBMITTED TO THE BUREAU OF CUSTOMS AND BORDER PROTECTION

QUESTIONS SUBMITTED BY SENATOR THAD COCHRAN

FEE REVENUE

Question. Within your Bureau, there are multiple fees that are paid by air and sea passengers for inspections services. Are you reviewing the various fee structures with an eye towards rationalizing where, when, and how these various fees are paid? Do you plan to send a legislative proposal to the Congress?

Answer. A working group composed of representatives from the legacy agencies is currently reviewing the various structures. The group is tasked with identifying solutions to address the varied issues to accomplish an integrated Bureau program. The critical objective of the group is to develop a legislative BCBP user fee proposal for the Congress to consider.

Question. What is the current financial condition of the Immigration User Fee Account? Although additional hiring was authorized, what plans do you have in place to ensure that the Immigration User Fee will live within its means this fiscal year and next fiscal year?

Answer. Fiscal year 2003 collections averaged 10.5 percent higher ($268.0 million) for the first two quarters than our projection of $243.6 million. In fact, this per quarter average increase has held since the 3rd quarter of fiscal year 2002. During the first two quarters of fiscal year 2003, the immigration user fee collections reached just over 47 percent of the annual fiscal year 2003 projection of $567.8 million. Depending on the impact that severe acute respiratory syndrome (SARS) has on the normally robust summer international travel, we are cautiously optimistic about achieving the fiscal year 2003 projection.

When immigration user fees for persons entering the United States through an air or sea ports-of-entry materialize at levels lower than estimated, as they did in fiscal year 2002 (−$85 million), we implement as many of the following cost reducing actions as are needed to bridge the funding gap.

—Reduce discretionary overtime
—Offset (to other accounts) or defer (to the next fiscal year) selected non-payroll spending
—Delay hiring enhancement positions until late in the fiscal year
—Don't fund servicewides associated with the number of enhancement positions not hired
—Don't hire seasonal inspections staff
—Freeze non-payroll spending
—Implement a furlough

The order listed is generally the order in which actions are considered; however, there are exceptions. For example, in fiscal year 2002, overtime was required to operate at heightened threat levels. Therefore, steps taken to bridge the fiscal year 2002 gap skipped step 1, and the gap was resolved by a combination of steps 2–4. Steps are implemented only as far as necessary to resolve the gap. Thus far, the gaps have not been serious enough to implement steps 5–7.

Immigration user fee passenger volume has been recovering toward the pre-September 11, 2001 trend for the last 4 quarters but has not yet reached pre-September 11, 2001 levels. The fiscal year 2003 projected collections ($568 million), although showing a $63 million increase over fiscal year 2002 collections, would still be $90 million below the fiscal year 2003 authorized spending authority ($658 million).

The steps taken in fiscal year 2002 are being repeated in fiscal year 2003 to bridge the fiscal year 2003 gap.

Question. The Land Border Inspection Fee is also facing a deficit this fiscal year. What plans do you have in place to fix this situation?

Answer. The immigration land border fees including nonimmigrant arrival/departure records and Canadian boat landing permit, as examples, have not been increased in many years and do not fully recover the cost of services. They are currently undergoing a cost review, and recommendations for fee increases are likely. Prior to fiscal year 2003, the $7–$8 million annual gap for 398 authorized positions was absorbed in the Exams Fee account where these fees were collected. With the transfer of these fees to the immigration land border fee account in fiscal year 2003, the gap between costs and collections has to be offset with appropriated funds. Our plan to fix the situation in fiscal year 2003 is to offset approximately $7.4 million of payroll and non-payroll costs with appropriated Inspections funds.

Question. The authority to collect a fee for land border inspections has been used successfully to fund commuter express lanes. In fiscal year 2002 the authority to run pilots was expanded from 6 ports of entry to 96 ports of entry. Do you have any plans to study requiring all vehicles and pedestrians that use the land border to pay a fee for that service, not just express commuters? Have you considered requesting that the prohibition in Public Law 103–317 on assessing such a fee be lifted?

Answer. We are not planning for a universal land border fee and are not planning to request that the prohibition be lifted. However, over the next 5 years, we are considering increasing the numbers of dedicated commuter lanes so that many land border ports will have more than one dedicated commuter lane available for preapproved enrollees. We believe the increased lane access will encourage greater participation in the NEXUS and SENTRI programs and will increase the numbers of pre-cleared travelers, as well as begin the process of integrating the dedicated commuter lane concept with the U.S. VISIT entry—exit concept. Increasing the numbers of dedicated lanes at selected ports will provide for increased revenues to cover the cost of operating the dedicated commuter lane enrollment centers. The cost of in-

creasing numbers of dedicated lanes would have to be paid from appropriated funds as they have been in the past.

PHYSICAL ASSETS

Question. Virtually every individual program that has been merged into BCBP has a need and a budget for buying vehicles. What steps are you taking to review these budget items? What plans are there for consolidation of procurement, retrofitting, and maintenance?

Answer. We are reviewing options for consolidating functions to include fleet management. We currently have one bureau with a very robust fleet management program that covers over 67 percent of the BTS fleet. They have three established vehicle retrofit factories through a partnership with Federal Prison Industries that provide over one million high-quality, low-cost, labor hours to retrofit our vehicles. The vehicle retrofit factories convert production line vehicles into customized law enforcement vehicles. They provide a complete vehicle replacement service to our customers that includes delivery of a turnkey vehicle, the disposal of the replaced vehicle, and the initiation of the vehicle file in our fleet maintenance management system. They are also implementing a state-of-the-art commercial off-the-shelf maintenance management system and fleet services. The new service will allow our fleet managers to analyze and compare vehicle life-cycle costs; in-house maintenance and commercial costs; performance of fleet vehicles by type, year, region, etc; and the status of vehicle and component warranties. It will allow our field personnel to focus on their core Homeland Security mission while improving the quality and economy of their vehicle fleet.

CANINE UNITS

Question. The creation of the Customs and Border Protection Bureau brought together 1,210 canine teams—705 from the Customs Service, 334 from the Border Patrol, 30 from the Immigration Inspections program, and 141 from the Animal Plant Health and Inspection Service. Are you reviewing the multitude of canine programs that are already in existence in your organization to look for overlaps in mission?

Answer. Yes. The Legacy U.S. Customs Service, Legacy Border Patrol and Legacy Animal and Plant Health and Inspection Service have developed working groups to work with the transition team to identify overlaps in missions. Output from this working group was provided to the Transition Team for the Commissioner's review and comments.

Question. Do you have any estimated cost savings from combining these programs? Are any assumed in the President's fiscal year 2004 budget request?

Answer. No. The working group is waiting for direction on the final structure, which was provided to the transition team. The working group is being proactive in developing standards for like functions such as narcotics detection. Work is ongoing to standardize such things as evaluations, certifications, etc. At this time, the efforts would be budget neutral should they be implemented.

CONSOLIDATION ISSUES

Question. How are plans proceeding on the integration of the inspections programs and when do you anticipate seeing the cost savings from creating a consolidated inspections program?

Answer. A plan is in place to roll out a unified primary inspections program as well as an improved counterterrorism secondary inspection program. For cargo, a working group has been established to develop a unified cargo inspections process. It is anticipated that consolidated facilities and systems will produce a cost savings once the unified programs are in place. The roll-out of the unified primary inspections program is projected to be completed by the end of fiscal year 2004 at land and in airports. Roll-out plans for seaports are in the process of being developed.

Question. After March 1, 2003, who assumed control at each of the ports-of-entry? How were the decisions made in appointing the acting port directors?

Answer. On February 27, 2003, Commissioner Bonner appointed 20 interim Directors for Field Operations to oversee operations at approximately 300 ports of entry nationwide. These appointments became effective on March 1, 2003.

The Interim Port Directors were recommended through an interagency process that involved senior managers from the Legacy organizations of Customs, Immigration and Agriculture. Current management officials at the ports, from the various legacy organizations, were considered in this process. The Interim Port Directors were then appointed by the Assistant Commissioner for the Office of Field Operations. Each of the Bureau of Customs and Border Protection (BCPB) Interim Port Directors report directly to one of the Interim Directors for Field Operations.

Question. How are you approaching the reconciliation of the disparate pay and benefit issues? Have you received input from the Office of Personnel Management on this issue?

Answer. We have established a transition working group to address the issues of the duties, pay and benefits of our workforce. This group has presented preliminary recommendations to the Commissioner regarding strategies to resolve these issues. We have plans to discuss these strategies with the Office of Personnel Management in the coming months.

Question. When do you plan to send a legislative proposal forward?

Answer. Once the personnel system flexibilities are determined, the pay disparities will be addressed. It is likely that they will require legislation. The Department of Homeland Security will be responsible for developing any required legislation.

TRAINING

Question. What type of guidance have you provided to the Federal Law Enforcement Training Center concerning cross-training for existing inspectors from the legacy agencies?

Answer. When the Department of Homeland Security was created on March 1, 2003, all inspectors from legacy Customs, INS and Agriculture became part of a single agency, the Bureau of Customs and Border Protection (BCBP). The Commissioner of BCBP, the Honorable Robert C. Bonner, launched an immediate initiative to cross-train all existing inspectors in fulfillment of his statutory obligation as head of the agency to determine the training requirements of agency personnel.

Currently anti-terrorism training is being delivered to all 17,000 existing Inspectors and cross training on frontline primary inspections is being delivered to BCBP Inspectors at the ports of entry through CD–ROMs. This month, BCBP will begin training personnel to return to their duty stations and conduct live classes at the airports to prepare all inspectors to work in all primary areas. Closely following the airport rollout, land border and seaport inspectors will receive specialized training by trained trainers at their ports of entry. First line supervisors of the inspectors will also receive training. All inspectors will to receive monthly "muster modules" (short training sessions delivered at the ports on counter-terrorism topics). Training delivered on")site is the most efficient and effective way to meet the immediate needs of the existing workforce while maintaining vital operations at the border.

Question. What type of guidance have you provided to the Federal Law Enforcement Training Center for basic training for Customs and Border Protection inspector recruits?

Answer. The Office of Training and Development (OTD) in the Bureau of Customs and Border Protection (BCBP) is designing the new basic Inspector curriculum for its new recruits. This training will integrate the formerly separate elements of the legacy Inspector positions. This new training curriculum will meet all Federal Law Enforcement Training Center (FLETC) standards.

BCBP is working with the FLETC to coordinate their support of BCBP's projected training requirements in terms of the number of students to be trained, the approximate content and length of the proposed course, and the types of training that BCBP expects the FLETC to provide. While BCBP Instructors provide the majority of the training hours to its recruits, FLETC provides elements of training that are common to all law enforcement agencies such as training in Firearms, Arrest Techniques, Narcotics Identification and fingerprinting.

Question. Where will these inspectors train? Will they train as a group or separately or a combination?

Answer. All incumbent Inspectors for the Bureau of Customs and Border Protection (BCBP) will receive training at their current ports using a combination of group training to foster unification and teamwork, self-study to enable rapid uptake of critical skills and knowledge, and apprentice-style, on-the-job training (OJT) that provides opportunities for legacy Immigration, Agriculture Quarantine, and Customs Inspectors to demonstrate field practices to each other.

New recruits for BCBP Inspector positions will receive structured on-the-job training (OJT) at their duty station before and after they attend the classroom and practical exercise training at the Bureau of Customs and Border Protection Academy in Glynco, Georgia.

BORDER PATROL

Question. Now that the Border Patrol is part of your organization, do you intend to keep the National Border Patrol Strategy that INS has attempted to implement over the past 9 years?

Answer. The Border Patrol's national strategic plan was written in 1994 with the focus of implementation in the areas with the highest level of illegal immigration. The plan is achieved with the "forward deployment" and proper balance of agents, equipment, technology, and border infrastructure (cameras, sensors, roads, lights, fences or other border barriers).

Areas of operations that have become the focus of this plan have proved this to be an effective enforcement action. Participating sectors have seen a prolific change since the inception of their corresponding operations.

—El Paso—Hold the Line (arrests down, crime reduced)

—San Diego—Gatekeeper (29 year record low in apprehensions, crime reduced)

—McAllen—Rio Grande (crime and arrests reduced)

Changes have occurred since the strategy's implementation, most notably following the September 11, 2001, attack on the United States. The strategy's Phase IV implementation was accelerated to respond to the potential threats on the northern border. The upgrades in technology and its application for border deterrence and enforcement has also improved.

Continuation of the proven and successful National Border Patrol Strategic Plan is warranted in-order to respond to emerging threats and changes in the past trends of illegal border entries.

Question. What changes might you consider making to the strategy to increase its effectiveness and reduce migrant deaths?

Answer. Due to concentrated border enforcement efforts, organized smugglers have shifted their techniques and areas of operation from traditional unlawful entry points near the ports of entry to extremely remote and dangerous areas. The intense summer temperatures and arduous terrain associated with these areas account for the majority of documented deaths. BCBP has been increasing efforts to identify and prosecute smugglers who choose more dangerous methods and routes to smuggle unsuspecting aliens. Yearly enhancements allow for BCBP to apply resources where the deaths occur to effectively deter and disrupt illegal border traffic. BCBP is also expanding its Border Safety Initiative, which incorporates a multi-pronged approach to making the border a safer environment. BCBP is increasing the number of qualified medical/rescue agents and is cooperating with Mexican counterparts at an unprecedented level. For example, a meeting of field representatives has just concluded, which produced a collaborative strategic plan for reducing deaths on both sides of the international border. As the strategy evolves other initiatives will be developed and supported. BCBP leadership is convinced that when the proper balance of personnel, equipment, technology, and tactical infrastructure exists, the illegal crossings will decline, bringing a commensurate decline in deaths and injury.

Question. Given the level of additional resources that have been put into the Northern Border, will you be revising that portion of the strategy?

Answer. Since its implementation in 1994, the Border Patrol's National Strategic Plan has been the basis for a multi-year, multi-phased approach for the deployment of additional personnel and resources, for the purpose of increasing control of our Nation's borders. The cornerstone of this strategy calls for "prevention through deterrence" as the means to restrict illegal entry attempts into the United States. Along the southwest border, the strategy has concentrated Border Patrol resources into those specific geographic areas experiencing the highest level of illegal activity. The key to the successful implementation of this strategy has been the deployment of the proper balance of personnel, equipment, technology and infrastructure into those areas.

As originally written, the final phase of the National Strategic Plan calls for enhancing our enforcement posture along the northern border and coastal areas of the United States. Securing the northern border has traditionally presented many unique enforcement challenges for the Border Patrol. Our shared border with Canada is approximately 4,000 miles long and is the longest non-militarized undefended border in the world. In the past, this vast expanse, coupled with an inadequate number of personnel and a lack of resources and infrastructure, has significantly limited the Border Patrol's deterrent effect upon illegal activity. In the wake of September 11, 2001, vulnerabilities and deficiencies along the northern border have received increased attention, which has caused the Border Patrol to accelerate its efforts in increasing our enforcement presence along the northern border.

The current Northern Border Strategy encompasses interagency and international cooperation and coordination, effective technology development and deployment, and innovative resource allocation. The geographic and environmental conditions found on the northern border have led to the historic economic and cultural interdependence of the United States and Canada. In light of the long-standing cooperation and economic interdependency, the Border Patrol has conducted activities along the northern border with significantly fewer resources than were dedicated to the south-

west border. For these reasons, the Border Patrol cannot simply replicate the same enforcement strategy implemented on the southwest border.

The Northern Border Strategy relies upon maximizing existing resources in order to strengthen control of the border. The Northern Border Strategy also requires the proper balance of personnel, equipment, technology and infrastructure. To improve our effectiveness, the initial area of emphasis is the expansion of liaison and increased intelligence sharing with other Federal, State and local law enforcement agencies, as well as our counterparts within the Canadian government. The second emphasis is on the deployment of enforcement related technology along the border to act as a force multiplier, thereby increasing the area that can be adequately covered by available manpower. The final emphasis of the strategy calls for the deployment of additional personnel into our northern border sectors. As mentioned, subsequent to September 11, 2001, the Border Patrol accelerated into this phase by redeploying agents from the southwest border to the northern border.

Question. In December 2001, the Northern Border sectors of the Border Patrol were directed to create or expand Integrated Border Enforcement Teams or Integrated Maritime Enforcement Teams. What progress has been made in carrying out this directive?

Answer. IBETs are intelligence driven/intelligence led enforcement teams comprised of Federal, State/provincial and local law enforcement personnel working together to enhance our shared border's integrity and security. They are multi-disciplinary in nature and work in land, air and marine environments along the Canadian/United States border, respecting the laws and jurisdiction of each nation. They identify, investigate and interdict persons and organizations that pose a threat to our national security or are engaged in other organized criminal activity.

Since December 2001, the Northern Sectors of the Border Patrol have created and expanded the Integrated Border Enforcement Team (IBET) program to include participation by all Northern Border Sectors. There are 14 IBET locations along the Northern Border with 12 currently fully operational. All IBET regions should be staffed and operational by the autumn of 2003.

BCBP/USBP has 17 assigned IBET intelligence sources. BICE has 60 IBET resources, 4 of which are intelligence resources. Currently, the total number of RCMP IBET assets is 131, with 25 being intelligence resources. Canadian Customs Revenue Agency has 14 dedicated IBET intelligence resources.

A multi-agency monthly report is what the IBET's are currently working towards. From this report, a national multi-agency monthly report/bulletin will be compiled and distributed to all partner agencies. A yearly Risk Assessment will be established for each IBET and a national Risk Assessment will be compiled. A weekly IBET Information Brief containing open source information is currently produced by the National RCMP IBET analyst and is distributed to all partner agencies through intelligence contacts that have been developed in those agencies.

To ensure that all local, State and Federal participating IBET agencies are aware of the IBET program and concept, training has been established and conducted with Federal, State and local law enforcement agencies on both sides of the border to inform participants on IBET concepts and operations. Four 3 day IBET workshops have been completed in 4 locations with a total of 146 members from multiple government agencies participating. This training has been extremely successful.

Present initiatives under development call for improving the IBET model. Current efforts include the co-location of intelligence resources in 4 locations and the dedication of full time resources to the Intelligence group from all participating agencies.

Question. What is the current status of overall Border Patrol hiring? Do you expect to hire all of the new authorized positions this year? Please provide the committee with the total number of on-board agents as of the date of this hearing.

Answer. Border Patrol hiring continues at a steady pace. Interest in the Border Patrol as a career remains high among our applicant market, with more than 37,000 applications received as far this fiscal year. Through our highly selective screening and processing, we project a net new hiring figure of 600 new agents for fiscal year 2003. This number will meet the additional 570 agents directed by Congress and will make significant progress towards overcoming the hiring shortfall of fiscal year 2002. As of May 13th, the date of the hearing, the Border Patrol had 10,381 agents on-board.

INSPECTIONS—DOCUMENTATION

Question. Current Federal regulation exempts certain persons, such as U.S. citizens, from presenting a passport when arriving into the United States from most countries in the Western hemisphere. Inspectors can allow a person to enter based upon only an oral claim of citizenship. Inspectors intercept thousands of aliens each

year who falsely claim to be a U.S. citizen in order to unlawfully enter the United States. What policy changes, if any, would you recommend that would mitigate an alien's ability to successfully enter the United States by falsely claiming to be a U.S. citizen?

Answer. These issues have significant legal, domestic policy, and foreign policy implications, all of which must be analyzed and carefully weighed before a final recommendation and policy decision can be made.

Question. Your Department is charged with developing a comprehensive Entry Exit system to track the arrival and departure of all aliens into this country. Given that, should the Western hemisphere exemption be reconsidered, such that everyone, U.S. citizen or Canadian will have to present a passport to gain entry into the United States at an international border crossing?

Answer. These issues have significant legal, domestic policy, and foreign policy implications, all of which must be analyzed and carefully weighed before a final recommendation and policy decision can be made.

CARGO AND PASSENGER PROCESSING

Question. Over the years, the Customs Service and the former Immigration and Naturalization Service have recognized the natural tension between "enforcement" and "facilitation" when processing cargo and passengers entering the United States. Striking a balance between the two can be complicated by the fact that the cargo and passenger transportation networks are predominantly controlled by the private sector. What views and options will you bring to the Department of Homeland Security to help mitigate this tension?

Answer. The need to facilitate the flow of cargo and the need for a strong security and enforcement posture is not mutually exclusive. The need for both underlines the importance of advanced, electronic information on goods before they arrive in the country. BCBP realizes that and is working towards that end in many programs, the 24-Hour cargo rule and the forthcoming proposed regulation under the Trade Act of 2002 being excellent examples. Both are efforts to capture cargo information from the Trade earlier in the transportation cycle so that security decisions on release or examination are made efficiently before goods actually arrive in the country.

Question. Recognizing that it is a difficult proposition, how best can we gain reasonable assurance that laws will be enforced without unduly clogging supply chains and slowing the flow of passenger traffic?

Answer. The best method is to work towards the acceptance of electronic information from all parties involved in the transaction who must report to BCBP as well as those who may offer additional information to facilitate cargo movement. Since BCBP is relying on this data for important decision-making, the sources of the data must be well known and, if necessary, regulated by the government. BCBP must be willing to expand its communications with various trade parties, and has acknowledged this with its C–TPAT program and its acceptance of Non-Vessel Operating Commercial carriers into the Vessel Automated Manifest Systems.

Question. Given the fact that the cargo and passenger transportation networks are predominantly controlled by the private sector, how can the government and private sector work in a partnership to ensure that security becomes a natural and reinforced part of the supply chain in a cost-effective and operationally efficient manner?

Answer. BCBP can ensure that it is able to communicate with all trading partners who need to supply data. It can also act to serve as a communication link between trade partners so that some or all of the necessary shipment data can be shared, thereby saving the trade from having many communications links to many different companies. In doing so, BCBP can also shield data that should not be seen by all the parties to a transaction.

INFORMATION TECHNOLOGY

Question. The fiscal year 2004 budget for the Bureau of Customs and Border Protection requests $30.2 million for an Information Technology Transformation to Homeland Security Fund, and has a separate request for $22.3 million for an Information Technology Infrastructure program called ATLAS. Please explain the differences between these two requests.

Answer. The Information Technology Transformation to Homeland Security Fund is being created to address Information Technology (IT) compatibility and interoperability issues that arise during the transition including, but not limited to, mission systems, electronic mail, networks, collaborative tools, enforcement data integration, administrative capabilities and expanded services to other DHS components. It is

imperative that IT operability remains stable in order to efficiently meet BCBP mission requirements. This fund will be used to extend the BCBP enterprise architecture to provide expanded access to IT capabilities in support of the Homeland Security mission.

Legacy INS initiated the ATLAS program in 2001 to transform its stove-piped and aging IT infrastructure into an up-to-date environment that can provide improved data sharing and applications interoperability that will support the underpinning of all mission-critical, application development initiatives and all systems that are in an operations and maintenance mode.

Question. With the consolidation of Customs and INS into DHS' Border and Transportation Security Directorate and DHS' associated effort to integrate border protection and immigration and customs enforcement, what are the implications for continuing ACE, the Modernization project, and ATLAS as separate projects?

Answer. The Modernization Program and its first project, ACE, will support the overall mission of the Directorate of Border and Transportation Security (BTS) and, more specifically, enhance the operational effectiveness of the Bureau of Customs and Border Protection (BCBP). ACE will play a major role in enhancing both border security and border efficiency. It provides an integrated information base and IT platform that can be leveraged for border security.

Starting this year, ACE will help enhance border security and deliver efficiencies to the trade process by providing interagency information sharing, and real-time, cross-government access to more accurate trade information. By centralizing and integrating the collection and analysis of this information, ACE will enhance BCBP ability to target illicit cargo, illegal persons, and unsafe conveyances. The trade data will be analyzed prior to arrival, allowing advanced inter-agency assessment of risks and threats to determine which goods and people must be scrutinized. Results will determine if, upon arrival, a shipment is to be examined or cleared for release.

As noted above, the ATLAS program was initiated in 2001 to transform its stove-piped and aging IT infrastructure into an up-to-date environment that provides improved data sharing and applications interoperability that will support the underpinning of all mission-critical, application development initiatives and all current systems that are in an operations and maintenance mode.

INTERNATIONAL TRADE DATA SYSTEM

Question. What is the status of implementing the International Trade Data System? What will the request for $5.7 million in additional funding for fiscal year 2004 be used for?

Answer. The ITDS initiative is currently in the process of integrating the first 9 agencies with responsibilities at the border including BCBP; U.S. International Trade Commission (USITC); Federal Motor Carrier Safety Administration (FMCSA); Bureau of Census; Federal Communications Commission (FCC); Food and Drug Administration (FDA) and U.S. Army Corp of Engineers (USACE).

The original fiscal year 2004 budget request for ITDS was approved at $5.4 million prior to the identification and incorporation of agency inputs related to ITDS development. That original funding allowed the ITDS development contractor to perform only high-level requirements gathering. The request for the $5.7 million in additional funding in fiscal year 2004 will be used to perform detailed requirements gathering and analysis for incorporation into ITDS and will include integration plans and agency readiness review criteria. This effort will include the development of a consolidated and harmonized government-wide data requirements for all import and export transactions.

Question. How many of the over 100 government agencies involved in ITDS have participated in identifying requirements?

Answer. As of this date, over twenty of the over 100 government agencies have directly participated in the identification of requirements for ITDS. In addition, with the inclusion of Census in the list of participating agencies, numerous statistical agencies who currently receive their data exclusively or significantly through Census are considered to have their requirements addressed within the system. Through the on-going ITDS outreach efforts to the agencies and the system definition taking place within the ITDS Process Analysis Teams, additional agencies are being solicited to populate business process areas that align with an agency's mission.

Question. How many of the over 100 government agencies involved in ITDS have initiated changes to their existing systems and processes so they will work with ITDS?

Answer. Of the over 100 government agencies identified for inclusion in ITDS, at least nine have begun in earnest initiating changes in their systems and processes

to work with ITDS. Numerous others have begun assessing the system and process changes that will be required once their integration begins. Agencies are coordinating their schedules for implementing change with the incremental delivery schedule of ITDS as functionality is deployed that best aligns with their mission needs.

Question. What will be the impact on anticipated ITDS benefits if trade agencies do not position themselves to use ITDS?

Answer. Benefits from ITDS fall into several categories: improved border and port security; improved port operations; improved data quality; reporting burden reduction to the international trade and transportation communities; and, streamlined operations post-entry.

These benefits will be lessened if agencies do not participate in ITDS. Paramount to this is the failure to leverage the ITDS development efforts and meet the spirit of the President's Management Agenda and its five government wide goals. It is difficult to quantify the extent to which benefits will not accrue to the Government. However, it is possible, depending upon which agencies do not participate, that port inspectional personnel may have to use more than one system for processing goods or conveyances; some trade and transportation companies may have to provide information to the Government through multiple information systems; the Government will not have all of the information available to support a single, knowledge-based risk management system; and, data quality issues will remain as long as data is reported through multiple information systems.

Question. What actions are planned to overcome any resistance trade agencies may have to positioning themselves for ITDS?

Answer. The ITDS Board of Directors has recently completed a major effort to contact all agencies that are potential candidates for inclusion in ITDS. The agencies were offered an opportunity to meet with ITDS and BCBP personnel to discuss the mission and vision for ITDS, expected benefits, and steps that agencies should take to be included. As a result of those contacts, the number of agencies participating in the Government Support Network (a user group conference for Federal agencies) tripled over previous meetings and the number of agencies participating in the Program Support Group (an ITDS participant group) has increased.

Commissioner Bonner will personally meet with heads of agencies that have resisted outreach efforts but which are important for homeland security, border operations, and trade facilitation or which are developing competitive or redundant systems. The list of specific agencies to be covered by these meetings is not finalized as of May 28, 2003, but will be finalized shortly. A representative of the international trade community will participate in those meetings.

Several meetings have been held with the Office of Management and Budget to solicit support for agency budget requests that include integration into ITDS and OMB support for the initiative. Another meeting is being scheduled with budget examiners from all of the departments that have agencies that are possible candidates for inclusion in ITDS.

CONTAINER SECURITY INITIATIVE

Question. While your organization has launched the Container Security Initiative and continues to operate the Customs-Trade Partnership Against Terrorism, there is also Operation Safe Commerce, which is the responsibility of the Transportation Security Administration. Operation Safe Commerce is working to identify and fund business driven initiatives to enhance security for the movement of cargo through the supply chain. While each of these projects has a particular focus, how will these be coordinated to ensure no duplication of effort and the best use of the funding provided?

Answer. BCBP has the sole statutory and regulatory responsibility for container security on containers destined for the United States. Although this authority is clearly delineated through the implementation of enforcement programs like Container Security Initiative (CSI) and Customs-Trade Partnership Against Terrorism (C–TPAT), BCBP strives to comply with its mission in coordination with other equally vital offices within the Department of Homeland Security which have statutory and regulatory responsibility over a segment of sea transportation.

Coordination and communication with our department partners ensures an effective and streamlined security process. For example, BCBP has established a protocol with the United States Coast Guard to handle certain types of serious threats through the High-Interest Vessel program. Also, BCBP has shared interest with DOT and TSA in developing industry partnership programs that improve container security (and other types of transportation security) and are consistent for domestic and international shipping.

BCBP and TSA are working together through a jointly chaired steering committee that makes the final project selection decisions for Operation Safe Commerce. The Federal Register notice that initiated the Operation Safe Commerce program makes specific references to C–TPAT and CSI as initiatives that may be considered as part of Operation Safe Commerce business practices and technology supply chain "test bed" initiatives.

As a voluntary government-business initiative, the C–TPAT complements the overseas targeting of the CSI and the development of new security techniques under Operation Safe Commerce. As of May 9, 2003 C–TPAT membership includes over 3,000 companies that account for approximately 37 percent of all U.S. imports by value and approximately 93 percent of all U.S.-bound sea-containerized cargo. By creating a significant network of reliable and secure companies, C–TPAT enables BCBP to direct its CSI targeting to areas of greater risk and establishes a mechanism for incorporating the best practices and new high-tech equipment identified by Operation Safe Commerce.

QUESTIONS SUBMITTED BY SENATOR PETE V. DOMENICI

BORDER ISSUES

Question. It has been 17 years since the Federal government launched a major effort to upgrade U.S. borders and that effort focused only on the Southwest border.

I have just sponsored the Border Infrastructure and Technology Modernization Act (S–539). The new bill will focus on U.S. borders with Canada as well as Mexico. This bill has the dual goals of facilitating the efficient flow of trade while meeting the challenges of increased security requirements.

This will include:

—More funding for equipment at our land borders;
—Additional funding for personnel;
—Additional funding for training; and
—Additional funding for industry/business partnership programs along the Mexican and Canadian borders.

It is important for the border enforcement agencies to work with the private sector on both sides of the border and reward those partners who adopt strong internal controls designed to defeat terrorist access to our country.

What are your thoughts on the importance of trade partnership programs along the Southwest border?

Answer. Industry Partnership Programs (IPP) allow BCBP to expand our influence beyond the borders and into Mexico, Central America, South America and the Caribbean. Under the umbrella of the Customs-Trade Partnership Against Terrorism (C–TPAT), these priority initiatives include the Land Border Carrier Initiative Program (LBCIP), the Business Anti-Smuggling Coalition (BASC) and the Americas Counter Smuggling Initiative Program (ACSI). Each IPP enables the Trade to tighten our borders through the enhancement of supply chain security standards that deter smugglers from using conveyances and cargo to smuggle terrorist devices and narcotics. These complementary programs benefit both BCBP and the private sector by securing the integrity of shipments destined for the United States while promoting the efficient flow of trade.

We are currently working on additional security requirements that take into account the additional terrorist and drug threat on the Southwest border for conversion of the LBCIP carriers to C–TPAT. BASC chapters have been established throughout Ecuador, Colombia, Costa Rica, Mexico, Panamá, Perú, Venezuela and most recently in Jamaica, where a chapter was founded in March 2003. The ACSI Teams continue to support BASC through security site surveys, briefings on smuggling trends and techniques and security and drug awareness training.

The primary purpose of LBCIP is to prevent smugglers of illegal drugs from utilizing commercial conveyances for their commodities. Carriers can effectively deter smugglers by enhancing security measures at their place of business and on the conveyances used to transport cargo. By signing agreements with the BCBP, land and rail carriers agree to enhance the security of their facilities and the conveyances they use and agree to cooperate closely with BCBP in identifying and reporting suspected smuggling attempts.

BASC is a business-led, BCBP supported alliance created to combat narcotics smuggling via commercial trade that was formed in March 1996. BASC examines the entire process of manufacturing and shipping merchandise from foreign countries to the United States, emphasizing the creation of a more security-conscious environment at foreign manufacturing plants to eliminate, or at least reduce, product

vulnerability to narcotics smuggling. Customs BCBP supports BASC through ACSI, which are teams of BCBP officers that travel to the BASC countries to assist businesses and government in developing security programs and initiatives that safeguard legitimate shipments from being used to smuggle narcotics and implements of terrorism.

Question. What plans do you have to increase cooperation with the Mexican government on border issues?

Answer. Under the C–TPAT programs consisting of the Americas Counter Smuggling Initiative (ACSI), and the Business Anti-Smuggling Coalition (BASC), BCBP is engaging the Mexican trade community and Mexican Customs in a cooperative relationship against the smuggling of drugs and implements of terror. Meetings have been held with Mexican Customs through a bilateral U.S.-Mexican Government Working Group. Through this working group, the United States and Mexico can work jointly through these programs to establish a secure supply chain between our countries, while facilitating cross border trade. BCBP is also working with Mexican Customs to identify what areas in Mexico should be targeted for the establishment of new BASC chapters.

Under the high-level United States and Mexico Customs Bilateral Working Group, a demonstration project to test a fast and secure lane at El Paso is underway. This bilateral program is designed to expedite and facilitate commercial truck crossings at the Ports of Entry (POEs) by implementing the mandated requirements of securing the flow of people, transportation, and goods under a secure infrastructure. This program is aimed at facilitating cross border trade, while improving and ensuring the supply chain security of the participants that range from manufacturing, to transportation, to importation.

BCBP has two ACSI teams traveling throughout Mexico to work with the BASC Chapters in Monterrey, Ciudad Juarez and Mexico City to prevent drug smugglers and elements of terrorism from using legitimate cargo to enter their illegal merchandise into the U.S. BASC, which was initiated in March 1996, continues to be a private sector business-led, BCBP supported alliance under C–TPAT that complements and enhances our efforts to secure the supply chain. C–TPAT is an anti-terrorism response to the events of September 11, 2001 which engages the trade community in a cooperative relationship with BCBP in the war against terrorism. C–TPAT will work with foreign manufacturers, exporters, carriers, importers and other industry sectors emphasizing a seamless, security conscious environment throughout the entire commercial process.

UNMANNED AERIAL VEHICLES AT THE LAS CRUCES, NEW MEXICO INTERNATIONAL AIRPORT

Question. I was pleased to learn of Secretary Ridge's interest in using unmanned aerial vehicles (UAVs) for improved surveillance along our Nation's borders. I strongly support such action to improve our Nation's ability to patrol our borders, particularly in less-populated areas. Southern New Mexico is already the site of ongoing UAV flights out of the Las Cruces International Airport. This airport is the headquarters of New Mexico's emerging UAV Center of Excellence, the newly formed joint regional UAV Systems and Operations Validation Facility (USOVF), a partnership between the 46th Test Group at Holloman Air Force Base and the Physical Science Laboratory of New Mexico State University. The USOVF is pre-approved by the Federal Aviation Administration for file and fly in a regional flight area of 300,000 square miles in the western United States. The Las Cruces International Airport is situated less than 40 miles from the U.S.-Mexico border, and in a central location among U.S. border states. What do you anticipate will be the size and scope of the Department of Homeland Security's deployment of UAV's on our borders?

Answer. BTS has asked the Science and Technology Directorate to evaluate the use of UAVs in a Border and Transportation Security environment. S&T was also asked to evaluate other potential applications.

Question. What funding and facilities will the Department need for a UAV program?

Answer. Until the requirements have been scoped to determine the feasibility and extent of a UAV program, we cannot predict what amount of funding and the type of facilities the Department will need to implement a UAV program.

Question. On what timeline will the Department implement this initiative?

Answer. At this time, it is unknown what the timeline will be for the Department to implement this type of initiative. A proposed project plan including milestones and deliverables is expected to be ready for review by June 2003. The project plan

will discuss the BTS-specific project as well as strategies in developing UAV initiatives in the near, mid, and long term for DHS venues such as borders and ports.

Question. Based upon the characteristics of the Las Cruces, New Mexico International Airport, could you provide an assessment of its potential for utilization by the Department of Homeland Security for serving as a platform for the deployment of UAV's for Homeland Security purposes?

Answer. Based upon the description of the Las Cruces, New Mexico International Airport, the facility appears to have potential for serving as a platform for UAV deployment for Homeland Security purposes. After UAV program feasibility, requirements and scope is determined a more detailed assessment on available testing and deployment facilities needs to be made.

QUESTIONS SUBMITTED BY SENATOR MITCH MCCONNELL

Question. In your testimony, you mentioned the significant success of the Container Security Initiative ("CSI") in helping to eliminate the threat of terrorist attacks by means of oceangoing sea containers. Will the CSI also help in the detection of items such as illicit drugs and counterfeit merchandise in addition to cargo that could be a potential terrorist threat?

Answer. BCBP screens the data and information for all cargo containers arriving in the United States each year; and closely scrutinizes and examines all shipments identified as high risk. BCBP has developed a multi-layered process to target high-risk shipments while simultaneously facilitating legitimate trade and cargo.

Our multi-layered approach involves electronic manifest information, partnerships, Automated Targeting System (ATS), the human factor, and non-intrusive inspection technology.

The BCBP goal is not to search a specific percentage of cargo. BCBP thoroughly screens and ultimately examines 100 percent of shipments that pose a risk to our country.

Question. Do changes in the Homeland Security Advisory System Threat Level have an effect on the BCBP's mission priorities? If so, what effect do threat level changes have on the BCBP's enforcement of intellectual property rights?

Answer. During times of "ALERT LEVEL ORANGE" or greater BCBP's main focus of operation will be that of detection and interdiction of terrorist entities and weapons of mass destruction. However, the BCBP continues to work hard on its other key mission priorities that include but are not limited to matters relative to intellectual property rights. The interdiction of counterfeit goods remains one of six priority trade areas for BCBP. The Bureau of Customs and Border Protection and the Bureau of Immigration and Customs Enforcement continue our collaborative efforts of detection, interdiction and investigation of counterfeit goods. Through the collective efforts of employees at over 300 ports of entry, BCBP continues to target, intercept and seize shipments of goods that violate U.S. patent and trademark laws and regulations. A multi-disciplined IPR Working Group is currently working to improve the agency's targeting of shipments that may potentially contain counterfeit goods. This will be accomplished by identifying risk factors, focusing on high-risk products and implementing a coordinated targeting initiative of containerized freight to detect, deter and interdict the movement of counterfeit products.

Question. I understand that the former Customs Service has participated in the Treasury Department's Operation Green Quest, which seeks to identify, disrupt, and dismantle the financial sources of terrorist funding. The findings of that investigation indicate that one of the many criminal enterprises used to fund terrorist organizations is the sale of counterfeit merchandise. Could you please describe what information you have about the extent of the connection between intellectual property theft and terrorist financing and what the BCBP is doing to counter this threat?

Answer. Operation Green Quest investigations have revealed that a variety of criminal activities serve as funding sources for various criminal elements, some of which are alleged to have ties to terrorist organizations. Among these are violations of laws protecting intellectual property rights and prohibiting the manufacture, trafficking and sale of counterfeit merchandise. The Bureau of Immigration and Customs Enforcement (BICE) is conducting several on-going investigations involving the use of proceeds derived from the sale and trafficking of counterfeit merchandise, alleged to support designated terrorist organizations. BICE is committed to investigating any violation of Federal law that may be used to fund criminal enterprises.

Question. Some in industry fear that an unintended consequence of merging the Customs Service into the BCBP has been a reduction in the number of inspectors assigned to detect counterfeit merchandise. Have there been reassignments in the BCBP that have diverted personnel from intellectual property enforcement to other

functions? If so, how does the BCBP plan to balance its traditional missions, including protecting American businesses from theft of their intellectual property, with the Bureau's primary mission of preventing terrorists and terrorist weapons from entering the United States?

Answer. Yes, there have been some reassignments of personnel due to the Bureau of Customs and Border Protection's new primary mission of preventing terrorists and terrorist weapons from entering the United States. However, BCBP continues to work hard on its other key mission priorities that include but are not limited to matters relative to intellectual property rights. The interdiction of counterfeit goods remains one of six priority trade areas for BCBP. BCBP continues its collaborative efforts of detection, interdiction and investigation of counterfeit goods with BICE.

Through the collective efforts of employees at more than 300 ports of entry, BCBP continues to target, intercept and seize shipments of goods that violate U.S. patent and trademark laws and regulations. A multi-disciplined IPR Working Group is currently working to improve the agency's targeting of shipments that may potentially contain counterfeit goods. This will be accomplished by identifying risk factors, focusing on high-risk products and implementing a coordinated targeting initiative of containerized freight to detect, deter and interdict the movement of counterfeit products.

BCBP anticipates bringing on-board approximately 1,700 new Inspector hires by the end of fiscal year 2003. As these new Inspectors are brought on-board, trained and placed in ports of entry throughout the country they will increase the number of personnel BCBP will have at its disposal to focus on the important mission of counterfeit goods detection and interdiction. Under the IPR Trade Strategic Plan, developed by the former Customs Service's IPR Working Group, BCBP is providing its field personnel with the additional knowledge they require for IPR enforcement through advanced fraud and IPR law, procedures and enforcement training.

QUESTIONS SUBMITTED BY SENATOR BEN NIGHTHORSE CAMPBELL

QUALIFIED ANTITERRORISM TECHNOLOGIES

Question. The Homeland Security Act of 2002 (Sections 862) provided the Department of Homeland Security with authority to compile a list of "qualified antiterrorism technologies" that would qualify or receive certain protection under that Act. Has this list been compiled? If not, why?

Answer. The list of "qualified antiterrorism technologies" has not yet been compiled. The regulations to govern implementation of the SAFETY Act must be completed before the SAFETY Act can be implemented. Promulgation of these regulations is a high priority, and DHS is working with the Office of Management and Budget (OMB) to finalize an initial set of SAFETY Act regulations. We expect to publish these regulations for comment very shortly. Following the public comment period, the regulations will be finalized and issued. As soon as the regulations are issued, applications can be made to DHS for consideration of possible technologies that are determined to meet the criteria set forth in Subtitle G, Sec. 862.

Question. If this list has been compiled, can Members of this Committee get a copy of this list?

Answer. The list of "qualified antiterrorism technologies" has not yet been compiled. The regulations to govern implementation of the SAFETY Act must be completed before the SAFETY Act can be implemented. Promulgation of these regulations is a high priority, and DHS is working with the Office of Management and Budget (OMB) to finalize an initial set of SAFETY Act regulations.

Question. How would a company that has an antiterrorism technology be considered for approval?

Answer. DHS has developed plans for both an immediate implementation path, and for a longer-term "ideal state" process, to implement the SAFETY Act. Public notification of the application process and of the select categories of technologies that will be considered for certification will be made through the DHS website after regulations are issued.

Question. Do they need to wait for the rulemaking process to be completed to apply for approval?

Answer. Yes, companies will need to wait until after the rulemaking process has been completed. DHS does not yet have an application or approval process in place. Final application and approval processes are contingent upon issuance of regulations. DHS wants to ensure that applicants are well informed about requirements so that they can make informed decisions regarding submitting their technologies for consideration

Question. If so, when will that process be completed?

Answer. Until DHS and OMB have completed their review and issued guidance for the actual implementation of the SAFETY Act, it is not possible to determine an actual date for completing the process. However, the Department does place a high priority on completing the necessary guidance and regulations and is prepared to act quickly after issuance of the guidance.

BORDER SECURITY

Question. This Directorate arguably has one of the toughest jobs in the Department. Ideally, if this Directorate performs its job to perfection, then the concerns of terrorists coming into our country to attack our citizens or our infrastructure are reduced to a great extent. With 7,500 miles of land borders with Canada and Mexico and 95,000 miles of coastline to keep watch over, short of building a large wall around the country, how much success have you had in strengthening our border security?

Answer. The priority mission BCBP is to detect and prevent terrorists and terrorist weapons from entering the United States at and between Ports of Entry (POEs) while simultaneously facilitating legitimate trade and travel.

In order to carry out its priority mission, BCBP has developed and is implementing Smart Border initiatives with other Nations and with the private sector, such as the Container Security Initiative (CSI), the Customs-Trade Partnership Against Terrorism (C–TPAT), NEXUS, and the Free and Secure Trade (FAST) Program, and will continue to push our zone of security outwards.

Our layered inspection process and the components of a Smart Border include:

—Advance electronic information;
—Automated targeting tools;
—Identifying and facilitating low-risk travelers and shipments;
—Non-intrusive inspection technology;
—Industry partnerships;
—Training; and
—Pushing security beyond our borders.

BCBP uses various large-scale, portable and hand-held technologies in different combinations to substantially increase the likelihood that a nuclear or radiological weapon or weapons grade material will be detected. We have identified and are deploying nuclear and radiological detection equipment to include personal radiation detectors, portal radiation monitors and radiation isotope identifier devices.

In combination with our layered enforcement process, these tools currently provide BCBP with significant capacity to detect nuclear or radiological materials.

Additional initiatives include, but are not limited to:

—Training to further develop a highly skilled and trained workforce;
—Sensors to remotely monitor low volume ports of entry; and
—Exchange of intelligence and information to identify potential nuclear and radiological smuggling threats.

Our goal is to examine 100 percent of all high-risk cargo and conveyances and to screen all high-risk people, cargo and conveyances for radiation.

The Border Patrol, a component of the Bureau of Customs and Border Protection, is responsible for preventing the illegal entry of any persons crossing between the ports of entry along the 8,000 miles of international border with Canada and Mexico. To accomplish this enormous mission, there are currently over 10,000 agents deployed on the border to deter, detect, and apprehend any illegal entrants at the border. These dedicated agents have historically arrested in excess of 1,000,000 illegal entrants annually. In order to improve the enforcement effectiveness of these agents, the use of technology and enhanced detection systems are continuing to be deployed along the border. In addition to the technology, additional border barriers, high intensity lighting units and improved border roads have been used to assist the agents in providing the maximum in border security measures between the ports of entry. The success of these measures has recently lead to reductions in illegal entry arrests along certain major border areas, as well as the continued disruption of organized smuggling efforts on the border.

Question. Are any of these projects visible to our country's citizens to make them feel safer?

Answer. BCBP has developed a multi-layered process to target high-risk shipments while simultaneously facilitating legitimate trade and cargo. Our Smart Border initiatives include components that are invisible to a majority of the traveling public. These include cooperative efforts with other Nations to push security beyond our borders, advance electronic information, automated targeting tools, intelligence and partnering with industry.

Portions of our layered enforcement process are highly visible to the general public. These include our inventory of hand-held, portable and large-scale non-intrusive inspection (NII) technologies deployed to our Nation's air, land and seaports of entry, as well as the additional personnel and canine resources necessary to support the technology.

Many of the Border Patrol's newest assets are visible to the citizens who reside in our many border communities. Those assets include the latest in state of the art helicopters, which frequently patrol over these communities. In addition, there are infrastructure improvements in fencing, checkpoint facilities and expanded canine units for locating persons and contraband hidden in vehicles and train boxcars. Also visible to our citizens is the increase in the number of agents patrolling in marked sedans and four-wheeled drive trucks along the border. In addition, every Border Patrol sector has a community out-reach program to educate and inform the local communities of the activities of the Border Patrol and to reassure the citizens of the Patrol's efforts in providing security along the border of the country. While many of the assets used by the Border Patrol are not readily visible to the public, such as surveillance and detection equipment, the results of the increased presence of agents along the border continues to be favorably noted by the local media and civic organizations in many border communities.

QUESTIONS SUBMITTED BY SENATOR ROBERT C. BYRD

EXPIRATION OF COBRA FEES

Question. The COBRA fees—which fund nearly all overtime for the legacy Customs inspectors among others—expire at the end of this fiscal year. Have you submitted legislation to the appropriate authorizing committees and discussed with them the need for the extension of these fees? Also, what contingency plans, if any, do you have in place to cover the costs of the current COBRA-funded functions should the fees not be extended in time?

Answer. We have briefed both the House Ways and Means Committee and the Senate Finance Committee staffs on the need for an extension of the COBRA fees, and both Committees have developed proposals to extend the fees. The expiration of the COBRA fees will present numerous problems for BCBP, as well as fee paying parties-in-interest. Other existing statutes require that airlines be billed for overtime services and preclearance (19 USC 267 and 31 USC 9701) and that foreign trade zones and bonded warehouses be billed for inspectional and supervision services (19 USC 81n and 19 USC 1555). Other charges, such as fees for reimbursement of compensation of boarding officers under 19 USC 261 will also need to be reinstated. These statutes are held in abeyance while the COBRA fees are in effect (see 19 USC 58c(e)(6)). While the reimbursements from these other statutes would offset some of the losses from the expired COBRA fees, the amounts are not expected to be significant. If the COBRA fees expire, service to international passengers and the trade would need to be reduced to a level commensurate with available funding.

It should also be noted that the failure to reauthorize the fees provided for under the COBRA statute (19 USC 58c) will result in an additional loss in collections of approximately $1 billion annually. This represents the Merchandise Processing Fees, which are deposited into the General Fund of the Treasury as an offset to the commercial operations portion of the BCBP budget.

LEGACY CUSTOMS SERVICE AND IMMIGRATION AND NATURALIZATION SERVICE FEES

Question. A significant portion of the budgets of the new Bureaus of Customs and Border Protection and Immigration and Customs Enforcement are based on the assumed collection of fees from the legacy Customs Service and Immigration and Naturalization Service. What happens if these fees do not materialize or materialize at levels lower than estimated? How do you intend to bridge that funding gap should one occur?

Answer. If funding shortages occur because of smaller fee receipts, BCBP will adjust the level of inspection services accordingly in order to function within available resources.

ANTI-DUMPING AUTHORITY (BICE AND BCBP)

Question. What is the expected cost in fiscal year 2003 of administering the anti-dumping authority in section 754 of the Tariff Act of 1930 (19 USC 1675c)?

Answer. While enforcement of the Tariff Act is a major priority of the BCBP, its efforts to enforce this legislation cut across many different programs and organizations which are concurrently performing a variety of trade compliance functions

within BCBP. Therefore, the cost of BCBP's enforcement efforts in this area is not easily tracked or monitored in a way that enables BCBP to provide a quick and easy answer to this question. Ultimately, any answer would be an estimate of BCBP's costs.

BUDGET DOCUMENTS

Question. The budget justification documents for BCBP and BICE do not include detailed legacy information on the agencies/accounts broken out in a manner similar to that which used to be provided by the former Customs Service. Was information provided to the Department by the former Customs Service staff prepared in that format? Please provide the Subcommittee with a copy of that submission to assist us in tracing the budgets from fiscal year 2003 to fiscal year 2004?

Answer. The former Customs Service did not provide a draft of the fiscal year 2004 budget to the Department in its traditional format.

DHS FIRST 100 DAYS

Question. Secretary Ridge noted in his list of the Department's accomplishments for the 1st 100 days that BCBP had "acquired and deployed additional "A-STAR" and "HUEY" helicopters to bolster enforcement efforts along the U.S. Southern border". With what fiscal year funds were these aircraft purchased? Are other rotary or fixed-wing aircraft in the procurement pipeline? If so, where is their planned deployment?

Answer. The purchase of the additional 'A-STAR' helicopters was made in fiscal year 2002 with funding received from counter-terrorism supplemental appropriations in that year. The 'HUEY' helicopters were obtained through the military on-loan program for special operations and tactical training requiring the mission capabilities of that aircraft. The deployment of the 'HUEY' helicopters to bolster border enforcement operations occurred in fiscal year 2002.

AQI FUMIGATION INVESTIGATION

Question. The Agriculture Department's Animal and Plant Health Inspection Service—Agriculture Quarantine Inspection (AQI) program was transferred by law to the Department of Homeland Security. However, the investigators who follow-up, review and investigate the importation of prohibited goods from prohibited countries remain part of the Agriculture Department. Similarly, the personnel responsible for fumigation, following the discovery of pests, remain at USDA. Does this make sense? Is the Administration considering a legislative fix to correct this contradiction?

Answer. The separation of mutually dependent program functions, such as the USDA investigators and personnel responsible for fumigation, from the AQI program transferred to the DHS is problematic and requires high levels of cooperation, communication, and coordination at multiple levels. To facilitate this, DHS and USDA addressed issues early by including relevant Articles in a Memorandum of Agreement (MOA) required by the Homeland Security Act of 2002. Specifically, there are Articles for separating functions and then coordinating these functions once separated. Further, additional and more specific agreements are necessary and are being developed. The MOA will be periodically reviewed and modified as mutually agreed to by DHS and USDA. Through the MOA and additional, more specific agreements, DHS and USDA will have an opportunity to re-adjust the assignment of program functions and responsibilities to maximize collective ability to carry out respective missions. Program officials from both DHS and USDA are working together to accomplish this. Legislative fixes offer another means to accomplish necessary and beneficial re-adjustments and changes. DHS Agricultural Inspection Policy and Program staff is not currently working on developing legislative fixes.

DEPLOYMENT OF RAIL VACIS

Question. I understand that the Department has procured some rail VACIS systems that are awaiting deployment along the Northern Border. How many systems are procured (or are being procured with fiscal year 2003 Omnibus and fiscal year 2003 Supplemental funds) and where are they planned to be deployed? How many rail VACIS systems are provided for in the fiscal year 2004 budget request?

Answer. With budget requests made prior to fiscal year 2003, BCBP procured fourteen rail VACIS systems; however, only five have been installed (all along the Southern Border). The remaining nine rail VACIS systems will be installed later this year at the following locations:

—El Paso (Rail), Texas

—El Paso (Del Norte), Texas
—Calexico (West Rail), California
—Blaine, Washington
—International Falls, Minnesota
—Portal, North Dakota
—Buffalo, New York
—Noyes (#1), Minnesota
—Noyes (#2), Minnesota

BCBP is procuring five additional rail VACIS systems with the fiscal year 2003 Omnibus and fiscal year 2003 Supplemental funds. All five of these rail VACIS systems will be installed along the Northern Border. These rail VACIS systems will be deployed at the following Northern Border locations:

—Eastport, Idaho
—Walkersville, Canada (Detroit, Michigan)
—Rouses Point, New York (Champlain)
—Sarnia #2, Canada (Port Huron, Michigan)
—Sarnia #1, Canada (Port Huron, Michigan)

While no rail VACIS systems are scheduled for procurement via the fiscal year 2004 budget request, fourteen additional rail VACIS systems are planned for future deployment along the Northern Border pending available funding.

INSPECTION PERSONNEL

Question. The President's fiscal year 2004 budget proposal for the Bureau for Customs and Border Protection (BCBP) is $5.6 billion. How many new inspection personnel are requested within the President's Budget?

Answer. BCBP has requested 1,142 inspection personnel FTE in the fiscal year 2004 President's Budget.

Question. How many new Customs inspectors have been added (net) since September 11, 2001? How much increased border and port coverage have they provided?

Answer. From September 11, 2001, to May 3, 2003, the number of Inspectors and Canine Enforcement Officers on-board and stationed at ports of entry increased by 1,380 (+1,310 Inspectors and +70 Canine Enforcement Officers), increasing the overall port coverage by 16.9 percent.

Question. We have heard reports that many of the new hires are being assigned to work in place of senior inspectors, rather than to augment and increase border coverage across the country. Is this correct? If so, why are you deploying relatively inexperienced personnel at critical locations across the country?

Answer. New hires are not being assigned to work in place of senior inspectors. New resources are being placed strategically to increase border coverage, meet workload demands and increase the utilization of technology. New hires work side-by-side with the more seasoned inspectors and receive formal, intensive training on all aspects of the position prior to being allowed to work independently. Additionally, management oversight is provided for each and every inspector.

STAFFING INCREASES

Question. The USA PATRIOT Act authorized a tripling of legacy Customs and Immigration staffing at our Nation's borders. Since passage of the Act, how many new personnel have been brought on board and how close have these hires come in meeting the authorization goal?

Answer. As of May 1, 2003, the Bureau of Customs and Border Protection had 2,563 Inspectors and Canine Enforcement Officers (CEOs) stationed at Northern Border Ports of Entry (POEs). This is an increase of 58.7 percent since September 11, 2001, at which time the agencies had 1,615 Inspectors and CEOs stationed at Northern Border Ports of Entry.

IT TRANSFORMATION TO HOMELAND SECURITY FUND

Question. I note that $30.21 million is proposed in the fiscal year 2004 budget request for a fund for Information Technology Transformation for the new Department. Is this in is essence a working capital fund? Are all DHS agencies contributing to it? If so, in what proportion? How was that level of contributed funding determined? What was the methodology used?

Answer. The Information Technology Transformation to Homeland Security Fund is not a working capital fund. These appropriated funds will be used to extend the BCBP enterprise architecture to provide expanded access to Information Technology (IT) capabilities in support of the Homeland Security mission and to address IT compatibility and interoperability issues that arise during the transition including, but not limited to, mission systems, electronic mail, networks, collaborative tools,

and administrative capabilities. It is imperative that IT operability remains stable in order to efficiently meet Customs and Border Protection (BCBP) mission requirements.

NEW TECHNOLOGY

Question. Compromise is not an option when providing for the security of our Nation's ports and borders. With the advent of a new era where we must be on guard for car and truck bombs, weapons smuggling, and radiological and biological threats, it is imperative that we set a high standard of threat assessment, detection, and prevention. Following the terrorist attacks of September 11, has BCBP increased the threat detection standards for security at our ports and borders, and if so, what new technologies are you using and how have they improved security?

Answer. The priority mission of the Bureau of Customs and Border Protection (BCBP) is to detect and prevent terrorists and terrorist weapons from entering the United States at and between ports of entry while simultaneously facilitating legitimate trade and travel.

In order to carry out its priority mission, BCBP has developed and is implementing Smart Border initiatives with other nations and with the private sector, such as the Container Security Initiative (CSI), the Customs-Trade Partnership Against Terrorism (C–TPAT), NEXUS, and the Free and Secure Trade (FAST) Program that will continue to push our zone of security outwards.

Our layered inspection process and the components of a Smart Border include:

—Advance electronic information;
—Automated targeting tools;
—Identifying and facilitating low-risk travelers and shipments;
—Non-intrusive inspection technology;
—Industry partnerships;
—Training; and
—Pushing security beyond our borders.

BCBP uses various large-scale, portable and hand-held technologies in different combinations to substantially increase the likelihood that a nuclear or radiological weapon or weapons grade material will be detected. We have identified and are deploying nuclear and radiological detection equipment to include personal radiation detectors, portal radiation monitors and radiation isotope identifier devices.

In combination with our layered enforcement process, these tools currently provide BCBP with significant capacity to detect nuclear or radiological materials.

LEGACY CUSTOMS AIR-MARINE PROGRAM

Question. I understand that while the legacy Customs Air-Marine program has been transferred to the Bureau of Immigration and Customs Enforcement, your Bureau retains certain responsibility for parts of the program. Please explain how this has been divided.

Answer. The Air and Marine Interdiction budget was deliberately placed in BICE. Some of the reasons for this decision are:

Air and Marine staff and capital assets are deployed primarily for interdiction. The principal goals of interdiction are to enhance the BICE investigative process to prevent terrorist activity and to further investigations of major smuggling operations whether they be drug, alien, or terrorist in nature.

As a key part of the BICE integration of the immigration and customs enforcement mission with other Federal agencies, OAMI will support investigative processes at Coast Guard, Secret Service, Emergency Management, TSA, and FPS. OAMI will support investigative processes at non-DHS agencies from DEA to FBI.

The use of OAMI mission and assets must be closely connected to the BICE intelligence mission and operations to be effective. It is this connection that ensures that the limited air and marine assets are effectively deployed to specific targets over a vast sea or border resulting in maximum deterrence capability. BICE intelligence based operations must be the lynchpin of OAMI strategy.

Operationally, OAMI is more identified with investigations than inspections or surveillance activity. OAMI has historically reported through the investigations division of Customs. In fiscal year 2002, approximately 60 percent of OAMI flight hours supported customs enforcement. With the integration of customs and immigration enforcement, we estimate that more than 80 percent of OAMI operational flight hours will directly support BICE investigations, foreign operations, border and maritime patrols. The remaining 20 percent will support transportation of people and assets, as well as training and maintenance, and other customers for support flights.

Based upon the above factors, placement of OAMI within BICE accomplishes the objectives of intelligence-based operations; more effective support of DHS and inter-

agency law enforcement missions; and furtherance of investigations of terrorists and other crime syndicates. Air and Marine support of border protection functions will continue under this placement and will be formalized in an upcoming management directive. The proper placement of all our programs remains subject to periodic review.

BORDER PATROL AIRWING

Question. Your Bureau now includes all Border Patrol air assets. Please provide the Subcommittee with a breakout of the Border Patrol air assets and where they are located. Are any funds requested in the fiscal year 2004 budget for new aircraft? If not, what is the base level of funding in the budget for operation and maintenance of the existing assets?

Answer. The BCBP/Border Patrol air wing has 111 aircraft (78 Helicopters and 33 Fixed-wing) dedicated to patrolling the northern and southern border. Border Patrol aircraft are stationed at all Border Patrol sectors on the northern border, southern border, and Puerto Rico. There are no funds requested in the fiscal year 2004 budget for new aircraft. The base level of funding in fiscal year 2003 for operation and maintenance of aircraft is $21,491,000.

ADJUSTMENTS TO THE FISCAL YEAR 2004 BUDGET REQUEST

Question. The fiscal year 2004 BCBP budget request includes reductions totaling over $301 million for "Non-recurring costs for fiscal year 2003 Initiatives" and "Adjustments for discontinuing Low-Value Efforts". Please break out in detail the specific, one-time fiscal year 2003 costs for non-recurring initial equipment costs and other items that you are reducing to achieve these savings.

Answer. The following chart details the one-time fiscal year 2003 non-recurring initial equipment costs and discontinued low-value efforts that achieve savings:

NON-RECURRING COSTS	AMOUNT
Construction	$145,000,000
Border Patrol Transfer Costs	25,000,000
Northern Border Hardening Equipment	28,798,000
Northern Border NEXUS Equipment	4,760,000
Northern Border NII Technology	12,759,000
mmigration Fees	9,107,000
Maritime Port Security NII Technology	25,481,000
Security Infrastructure Technology	11,454,000
Helicopters	8,000,000
TOTAL NON-RECURRING COSTS	270,359,000

During the fiscal year 2004 budget formulation process, the Bureau of Customs and Border Protection identified $31,540,000 in savings. These savings were realized by activities such as reforming and simplifying the Drawback process, redirecting field analyst specialist positions to border security, and realigning resources that support the Trade community. In addition, other program areas where savings were realized include the Intern Program, Labor and Employee Relations, Mandatory Fitness Program, Customs Health Enhancement Program, redistribution and cross servicing of field work, and the processing of anti-dumping/countervailing and harbor maintenance fee refunds.

PRIVATE MAIL RADIATION DETECTION EQUIPMENT

Question. The Department has provided its employees who inspect U.S. Postal Service mail with radiation detection equipment. Does it also provide similar equipment for employees who inspect United Parcel Service and FedEx mail? If not, why not? Is there a plan to provide this equipment in the future?

Answer. The Bureau of Customs and Border Protection (BCBP) personnel are equipped with radiation detection devices at FedEx and United Parcel Service (UPS) facilities. At the present time BCBP personnel use both Personal Radiation Detectors (PRD) and Radiation Isotope Identification Devices to screen cargo at both FedEx and UPS facilities.

Both UPS and FedEx are in the process of procuring and installing company owned radiation detection devices at overseas locations. Once completely installed this equipment will allow these companies to screen all incoming cargo and parcels before entering the commerce of the United States. Both companies will be relying on several types of equipment, such as Hand-Held Devices and Radiation Portal

Monitors, at their overseas facilities. The types of radiation screening devices used will depend on the size of the facility and amount of cargo screened.

ALTERNATIVE SHOULDER HOLSTERS

Question. Recently, the Bureau of Customs and Border Protection informed the employee representatives of Customs personnel (the National Treasury Employees Union) that the Department would no longer allow employees to use "alternative firearms holsters" as long as they are properly trained in the use of the holster. By and large, "alternative firearms holsters" have been used by women in the late stages of pregnancy. The shoulder holster enables them to continue to carry a firearm in the performance of their work. It seems that this 12 year old alternative holster provision has provided a reasonable accommodation between the needs of the legacy Customs Service and the interests of women who desire to continue working while pregnant. Why has Department decided to not continue the use of the alternative shoulder holster for pregnant legacy Customs personnel?

Answer. A single request was made through the Office of Field Operations (OFO) for an alternate firearms holster accommodation on May 24, 2002. This request was forwarded to the Firearms and Tactical Training Division (FTTD). The FTTD conducted an evaluation of the Safariland model 1060 shoulder holster that was named in the request to determine its suitability for use by pregnant OFO uniformed personnel. The primary evaluation criteria used to determine suitability was safety and feasibility.

There were numerous safety and training issues related to the shoulder holster. The shoulder holster is designed for the concealed carrying of firearms, and does not possess retention characteristics needed for officer safety for exposed carry. The weapon's grip is presented toward the front making it readily accessible to a subject during a physical confrontation, and the retention devices on this holster are easy to defeat. Also, the shoulder holster would not be feasible for wear with the authorized maternity uniforms such as class seven (7) maternity shirts and trousers, and the class seven (7) maternity jumper. This is because the suspender type clips could not be fastened to the belt or pants as the belt or pants would be under the maternity shirt.

The FTTD concluded that given the inherent risks and difficulties associated with the use of this type of holster, they did not recommend the use of it for OFO officers in uniform with close interaction with the public.

TRANSFER OF FUNDS

Question. Has BCBP been required to transfer any funds to the Department? If so, how much and for what purposes? Are any future transfers to the Department anticipated?

Answer. Yes, BCBP has transferred funds to the Department. BCBP transferred $30 million to DHS for start-up costs. We anticipate two future transfers to DHS as follows: $900,000 for Departmental enterprise architecture and $21 million to assist with the Transportation Security Administration shortfall.

PERSONNEL ISSUES

Question. The Department of Homeland Security has created a separation between Customs Agents and Inspectors who work at various ports of entry. Is there a plan in place for continuing the relationship between Inspectors and Agents? Will Agents continue to respond directly to airport seizures and arrests? Will the new reporting requirements hinder investigative and enforcement activity?

Answer. Although the Department of Homeland Security created a separation between Agent and Inspector, the working relationship remains strong between BCBP and BICE and enforcement actions are being coordinated. Additionally, BCBP inherited the Senior Inspector Program. The Senior Inspector position was created for high-risk ports of entry to be responsible for the enforcement of the Immigration and Nationality Act and other criminal statutes by identifying, investigating, apprehending, and prosecuting persons who attempt and abet illegal entry into the United States. BCBP plans to maintain the Senior Inspector program to assist in meeting the challenges of coordinating the enforcement functions of three formerly distinct agencies, but BCBP will continue to refer customs-related investigations and arrests to ensure no disruption of enforcement and investigative activity.

Question. I understand that the legacy Customs Special Agents who formerly conducted criminal investigations in the Internal Affairs (IA) Division, have also been transferred to ICE. Who will now conduct those investigations? Will this merger inhibit the response to internal affairs investigative matters? Are you concerned about

the loss of this investigative expertise which has been used to "clean up" past corruption problems within the former Customs Service?

Answer. The Inspector General of the Department of Homeland Security will be responsible for coordinating all investigations. Integrity has always been a cornerstone of the legacy BCBP organizations and will continue to be one in the future.

ENTRY-EXIT VISA TRACKING SYSTEM

Question. The vast majority of the $480 million in funds for the "entry-exit" system are proposed as part of the CBP budget request. It is my understanding, however, that you are not the bureau in charge of designing and implementing the system. Why? Which Bureau is supposed to be in charge of designing and implementing the program?

Answer. The Undersecretary of the Border and Transportation Security has determined that the design and implementation of the "entry-exit" system will be managed at his level.

SECURITY DETAIL

Question. Given your past positions in government, as well as your heading up the agency most closely involved in tracking and stopping narco-terrorists, do you have a security detail? If not, why not? Has a threat assessment been done to determine whether you or other agency heads at your level require security details?

Answer. The Commissioner does not now have a security detail. Regular risk assessments are conducted to determine if a security detail is required.

NATIONAL GUARD

Question. The National Guard has played a critical role in assisting the former Customs Service in inspection activities at our borders—including inspecting shipping containers and operating VACIS equipment. This role has continued with the transformation to the new Department, however, I am concerned about reports that the Guard may soon cease its operations in this regard. What is the status of National Guard cooperation with your Bureau? Will they continue to assist the Bureau with inspection activities and, if so, for how long? Has the Defense Department attempted to curtail the Guard's role with the Bureau?

Answer. In September 2002, the Department of Defense (DOD) officially informed the U.S. Customs Service, now Bureau of Customs and Border Protection (BCBP), that they would discontinue funding National Guard counternarcotics support of BCBP's Cargo and Mail Inspection operations (the only BCBP operations supported by National Guard soldiers) effective September 30, 2003. DOD subsequently changed this date to September 30, 2004. The reason for discontinuing the National Guard support, as stated by DOD officials, is that they wish to phase out all National Guard counternarcotics support that does not require unique military skills.

As a result of the September 2002 notification, aggressive hiring strategies that will offset any negative impact of losing the support of the National Guard were implemented. Through regular appropriations, supplemental funding and an overall increase in our Inspector corps as a result of the March 1, 2003 transition to BCBP, our agency is prepared to do without National Guard support beginning October 1, 2004.

PERSONNEL BREAKOUT

Question. In your testimony at the hearing you stated that the Bureau was requesting funds for 41,000 FTE for fiscal year 2004. You also said that on March 1 approximately 6,000 legacy INS, 3,000 legacy APHIS and 11,000 Border Patrol personnel were incorporated into the new BCBP. Please provide the subcommittee with a breakdown for fiscal year 2002–2004 of the approximate 41,000 FTE requested by function—both in a comparable breakdown from the legacy agencies as well as by current function (i.e. inspection activity, Border Patrol, etc.)

Answer. The fiscal year 2004 President's Budget requests funding for the Department consistent with the enacted Homeland Security Act.

BUREAU OF CUSTOMS AND BORDER PROTECTION INSPECTIONAL PERSONNEL FTE

	Inspectional FTE Authorized in fiscal year 2003	Inspectional FTE Expected on Board September 30, 2003	Inspectional FTE funded in the fiscal year 2004 Appropriation Request
Direct Appropriation	19,780	20,070	20,298
Reimbursable	1,664	1,664	1,664
TOTAL	21,444	21,734	21,962

BUREAU OF CUSTOMS AND BORDER PROTECTION IMPORT AND ENTRY/LIQUIDATION FTE

	Import and Entry/Liquidation FTE Authorized in fiscal year 2003	Import and Entry/Liquidation FTE Expected on Board September 30, 2003	Import and Entry/Liquidation FTE funded in the fiscal year 2004 Appropriation Request
Direct Appropriation	1,570	1,570	1,584
Reimbursable	39	39	39
TOTAL	1,609	1,609	1,609

BUREAU OF CUSTOMS AND BORDER PROTECTION INTELLIGENCE ANALYSTS FTE

	Intelligence Analyst FTE Authorized in fiscal year 2003	Intelligence Analyst FTE Expected on Board September 30, 2003	Intelligence Analyst FTE funded in the fiscal year 2004 Appropriation Request
Direct Appropriation	51	51	66
Reimbursable	7	7	7
TOTAL	58	58	73

BUREAU OF CUSTOMS AND BORDER PROTECTION COMPUTER SPECIALIST FTE

	Computer Specialist FTE Authorized in fiscal year 2003	Computer Specialist FTE Expected on Board September 30, 2003	Computer Specialist FTE funded in the fiscal year 2004 Appropriation Request
Direct Appropriation	298	298	298
Reimbursable	6	6	6
TOTAL	304	304	304

BUREAU OF CUSTOMS AND BORDER PROTECTION ADMINISTRATIVE AND OPERATIONAL SUPPORT FTE

	Administrative and Operational Support FTE Authorized in fiscal year 2003	Administrative and Operational Support FTE Expected on Board September 30, 2003	Administrative and Operational Support FTE funded in the fiscal year 2004 Appropriation Request
Direct Appropriation	5,225	5,225	5,225
Customs Reimbursable	116	116	116
TOTAL	5,341	5,341	5,440

INS CONSTRUCTION BACKLOG

Question. In your April 30 letter to me regarding the deployment of 570 additional Border Patrol agents at our nation's borders, you stated that the fiscal year 2004 budget request pending before the Congress does not request "new enhancement construction funds". You further state that, "Additional requirements related to construction projects for the Border Patrol will be addressed in future budget cycles".

On May 14, 2002, the President signed the Enhanced Border Security Act of 2002, authorizing significant improvements in our efforts to secure our borders. However, a congressionally mandated June 2000 study of our land border ports included a list of 822 projects totaling $784 million. These projects ranged from overloaded electrical outlets at facilities built in the 1930s which are not equipped to accommodate 21st century computers to a border station in Maine that is literally a trailer.

Commissioner Bonner, the lack of funding for construction projects along the border deeply troubles me. Significant expansion of our border facilities is anticipated to meet the requirements and deadlines specified in the former "entry-exit" program. How can we meet these deadlines if the Administration does not request the funds to do so? Without these funds, how can you be successful? The bulk of the funding of this system resides within your Bureau. Do I have your assurance that the Department will meet the December 2003 deadline?

Answer. Secretary Ridge recently outlined the Department's plan to create a new entry-exit system backed by 21st century technology called the U.S. Visitor and Immigrant Status Indication Technology system (U.S. VISIT). U.S. VISIT is a critical new border security and enforcement tool that will capture point of entry and exit information on visitors. U.S. VISIT is designed to make entering the United States easier for legitimate tourists, students and business travelers, while making it more difficult to enter the U.S. illegally through the implementation of biometrically authenticated documents. Development and deployment of this system will be coordinated by the Undersecretary for Border and Transportation Security. The system will be in its first phase of operation at international air and sea ports of entry by the end of 2003.

QUESTIONS SUBMITTED BY SENATOR PATRICK J. LEAHY

Question. Many former Customs and INS employees in Vermont and throughout the nation remain in a state of limbo, awaiting information about how their old agencies will be restructured and what it means for them. I think that they would appreciate hearing your perspective as to how the combination of your old agency with the INS and numerous other agencies is progressing. First, how would you describe the progress that has been made in creating the Bureau of Immigration and Customs Enforcement? What has been the most difficult aspect? How will the command structure differ from the framework that Customs used?

Answer. The command structure of the Bureau of Immigration and Customs Enforcement is being determined by Michael Garcia, Assistant Secretary of the Bureau of Immigration and Customs Enforcement, in conjunction with the Undersecretary of Border and Transportation Security and Secretary Ridge.

Question. Second, can you give the Committee your impressions about the process of integrating the old INS, Customs, and other agencies into the Bureau of Customs and Border Protection? What has been the most difficult aspect there?

Answer. BCBP is in the process of conducting both a merger and a divestiture of agencies and functions. This process is going well, employee morale is high, efficiency has increased and we have established a single chain of command to the port of entry level. As in any endeavor of this magnitude, the most difficult challenge is answering our employees questions and providing them with information at the appropriate time.

Question. Third, in either bureau, where the old agencies bring overlapping personnel, such as administrative support staff, how is that being handled? Where INS and Customs personnel were performing the same task before March 1, what criteria do you think should be used to determine who should perform that task now?

Answer. BCBP and BICE are working together to determine where common services can be shared in the future. We believe that there are opportunities to accomplish this.

QUESTIONS SUBMITTED TO THE TRANSPORTATION SECURITY ADMINISTRATION

QUESTIONS SUBMITTED BY SENATOR THAD COCHRAN

PERSONNEL CUTBACKS

Question. On April 30, TSA announced the reduction of 6,000 airport screeners—3,000 by May 2003 and another 3,000 by the end of fiscal year 2003—as the Transportation Security Administration works to realign the screener workforce and to bring its budget into line. How will the reduction of screeners affect security? Does TSA have, or will it conduct, any assessment of current screening needs to verify that these reduced levels are appropriate?

Answer. There will be no effect on security. TSA is working to optimize both its scheduling, utilizing a mix of full and part-time employees. TSA used several staffing models to meet the requirements of standing up the organization by late 2002. In early 2003, under the mandate of Congress, TSA developed an expedited Phase 1 Reduction Methodology which enabled us to start the reduction process as fast as possible. A second phase modeling methodology, which takes into account essentially all of the variables, is in process and scheduled for completion in early June. This second phase modeling effort assesses current needs to verify the reduction plans.

Question. What analysis was initially conducted on what the needs would be for aviation security prior to the hiring of the screeners, and what did this analysis show, including the number of full-time and part-time screener positions that would be required?

Answer. The initial analysis of screener requirements was based on TSA's assessment of the work requirements at each passenger-screening checkpoint. As the recruiting, hiring, and deployment process unfolded, TSA made adjustments to the number of screeners required to provide the necessary level of security at each airport. Although the initial workforce requirements analysis was based on a desire to create a workforce consisting of both full-time and part-time employees, initially TSA encountered a very low interest in part-time applications. As a result, TSA hired a preponderance of full-time employees to meet the level of security required at each airport, as well as to meet the ATSA-mandated screener deployment dates for the fully federalized screener workforce. TSA believes that making effective use of part-time screening personnel is in the best interest of both security and the taxpayer. Most airports have a peak time, or several peak times, during which a screening presence is needed beyond the normal throughput. The ability to use part-time or split-shift personnel during these focused periods is a policy with significant possibilities. With the implementation of improved scheduling tools, TSA expects to be able to optimize the workforce with the appropriate mix of full-time, part-time and split-shift personnel to better match travel patterns.

Question. What other components are being considered to meet the budget requirements?

Answer. All programs within TSA continue to undergo constant scrutiny and monitoring in order to align scarce resources to the highest priorities and realign anticipated availability to other underfunded requirements.

Question. What will be the amount of the projected savings in fiscal year 2003 from the reduction of screeners?

Answer. TSA's anticipated fiscal year 2003 savings is $32 million as a result of the reduction in screeners.

Question. Concerns have been raised that in the rush to meet the statutory deadline of November 19, 2002, for the deployment of Federal screeners at all of the Nation's airports that all of the screeners hired did not receive a full background check, including a criminal history record check. Can you say for certain that all of the screeners working in the Nation's airports have received a full background check?

Answer. More than 98 percent of TSA's current screener workforce has received, at a minimum, a fingerprint-based FBI criminal history records check. In addition, more than 98 percent of the current workforce has undergone the first phase of the ChoicePoint check, which includes a search of public records for an applicant's criminal history, credit history, and potential links to terrorist activity. This check exceeds what is required for nearly every Federal employee to begin working.

Question. Can you describe to the Committee the process of deciding which airports would lose screeners, which airports would receive additional screeners, and which airports would not be affected?

Answer. The methodology used in the first round of modeling consisted of applying a standard screening model applied to the number of screening points within a given airport. The model considered the number of screening lanes, and the presence of selectee checkpoint screening. Based on the model results, each airport re-

quirement was compared with the screener population and the gain or loss was determined.

As the process moves forward, TSA is inviting Federal Security Directors, community and airport leaders, and others to provide feedback in the form of airport specific information or other factors that are expected to drive TSA's upcoming refinement process. TSA will evaluate all the newly obtained information and will refine the preliminary numbers using this information and originating passenger data to arrive at a more accurate reflection of the staffing needs at all airports. We will keep you apprised of the results of our on-going process to provide efficient, effective screening.

Question. How can an airport negotiate with TSA if it is believed that too many screeners have been cut and will affect the airport's ability to provide an adequate amount of security? Is there an appeals process that an airport can submit to?

Answer. The airports and Federal Security Directors have been encouraged to highlight unique characteristics of their airports to the staffing team within TSA. This team consists of industrial engineers and senior management within Aviation Operations. Each appeal is carefully considered and the data provided, validated, is used to accomplish the final modeling. Specific information on enplanements is a major consideration in this modeling.

Question. A concern among some of the smaller airports is that the classification of airports that determines the number of passengers handled annually has not been accurately assessed and therefore is losing screeners because of it. Will TSA conduct assessments of airports to determine that they are categorized correctly?

Answer. TSA has just completed a preliminary re-categorization of all federalized airports. This effort has resulted in several proposed category changes that will affect the final screener allocation.

Question. If an airport can accurately document that it has not been categorized correctly how steps can be taken to appeal?

Answer. TSA welcomes any information that affects the categorization of a specific airport. The passenger origination and enplanements information is particularly important and is compared with DOT statistics to determine the validity of the claim.

TSA: INCREASED THREAT LEVEL

Question. When the National Threat Level is raised, as it was before the beginning of Operation Iraqi Freedom from "Yellow" to "Orange", new security directives are issued to airlines and airports, such as random vehicle inspections, more stringent identification checks, and increased canine patrols to lessen the chance of any terrorist incidents. There have been concerns that enough guidance has not been given to airport managers to implement increased security when the terrorist threat level is raised. How does the Transportation Security Administration share threat information, not only with airports but also with port security managers, when an increase in security is necessary?

Answer. The Transportation Security Intelligence Service has the ability to tailor dissemination based on the nature of the threat. Such information can be disseminated to a small, focused group of recipients if the threat is specific to a particular transportation asset or facility, or it can be provided to a wider audience if the threat could impact multiple transportation modes or modal interests.

Information can be disseminated in the following manner:

—Information Circulars (IC) inform the various modes (aviation, surface a/or maritime) of threat information and provide an analytical perspective regarding the credibility, timing, location and other available information.

—Security Directives (SD) issued by TSA operations policy, direct air carriers and airports to take specific action designed to counter a known threat. Such threat information is provided by TSA Intelligence. TSA is currently reviewing the efficacy of issuing SDs for other modes at appropriate times.

—Intelligence Notes

—Response to Request for Information (RFI)

—Telephone briefings may be conducted in situations where time is of the essence or where the threat is very narrowly focused to a particular carrier or geographic location.

—E-mail Fax notification messages

—Automated Message Handling System (AMHS)

—Recipients include, among others, DHS Homeland Security Center, DHS Information Analysis and Infrastructure Protection, TSA Federal Security Directors, TSA Area Representatives at overseas locations, Federal Air Marshals Service,

FAA, DOT, U.S. Coast Guard, as well as stakeholders and other elements of the aviation and maritime communities.

Question. Is there a certain procedural checklist to follow in order to make sure all possible security precautions have been implemented?

Answer. Each airport has a detailed security plan and its own checklist in accordance with its security plan. Specifically how a particular airport does this is dependent upon local conditions. The directives from TSA are in the context of these plans and current operations and are straightforward and easy to understand. TSA relies on Federal Security Directors (FSDs) to coordinate with airport authorities and to verify and report on airports' compliance with TSA directives.

Question. Will the Transportation Security Administration reimburse airports and others for meeting additional requirements such as conducting random vehicle searches?

Answer. TSA views airport security as a partnership between all stakeholders at the airport, including the airport authorities. TSA also believes that a true partnership implies shared responsibility for expenses. TSA continues to work closely with its aviation stakeholders in determining which specific types of safeguards are feasible and appropriate at each threat level. However, TSA is not planning on using its resources to reimburse airports for these costs.

Question. Have you developed plans for what happens at airports if the threat level is elevated to "Red?" Will this result in the grounding of airliners?

Answer. Yes. The specific actions to be taken in any increase or decrease of threat level are considered Sensitive Security Information (SSI) at the minimum. A specific threat may elevate that information to the Secret level. Without speaking to all actions that may be taken under increased security, there are many steps that can be taken prior to stopping air commerce. Each step will be threat based and risk managed to determine a level of security appropriate to the threat environment.

ROLE WITHIN DEPARTMENT OF HOMELAND SECURITY

Question. The Homeland Security Act of 2002 requires the Transportation Security Administration be maintained as a distinct entity within the Department of Homeland Security for 2 years from the date of enactment. How do you envision the Transportation Security Administration's role within the Department of Homeland Security after this 2-year period?

Answer. TSA's mission is a vital component of the Border and Transportation Security Directorate's responsibilities. To achieve its mission, TSA is developing a National Transportation System Security Plan (NTSSP) that will explain TSA's vision to complete the important task of ensuring the security of all modes of transportation. The NTSSP will also lay out how TSA, other DHS components, other Federal agencies, state and local authorities, and the private sector will work together to ensure system-wide security. The creation and implementation of the Plan will involve extensive interaction and cooperation with other involved agencies and the private sector.

TSA's involvement in providing mode-specific security will vary across modes based upon assessed needs and determination of TSA's responsibilities relative to other DHS organizations. Currently, TSA plays a very active operational role in the aviation mode, while we are still establishing our capabilities and activities in other modes such as highway and mass transit.

Within DHS, the cooperation and interaction that already exists between TSA and the Bureau of Customs and Border Protection (BCBP), the Bureau of Immigrations and Customs Enforcement (BICE), the U.S Coast Guard and the Information Analysis and Infrastructure Protection Directorate (IAIP) will only grow over the next 2 years.

—We expect to perform or facilitate a vast number of vulnerability assessments in the Transportation Sector under the overall oversight of and coordination with IAIP.

—We expect to greatly increase our use of information and intelligence that will be provided by IAIP.

—We will enhance the tactical cooperation with BCBP that exists now at major airports of entry, including joint screening and joint training programs—e.g., TSA screeners recognizing drug and money contraband.

—We will continue and increase coordination with BCBP on major developing issues such as cargo security and collecting passenger name lists, to promote effective security and efficient commerce.

—We will work with BICE where possible to further the investigation and enforcement of transportation security concerns and violations.

Also within DHS, the transportation-focused specialists at the Transportation Security Labs (TSL) will share information and resources with the Science and Technology Directorate. This will leverage the efforts of both organizations, while maintaining the benefits of TSL's specialization and transportation security focus.

Question. Do you feel that TSA would function best as a separate entity within the Border and Transportation Security Directorate or do you believe it should be merged into one of the other functions of this Directorate?

Answer. The Transportation Security Administration serves a distinct need, particularly with respect to aviation. The characteristics and security needs of the transportation system are often unique from the characteristics and security needs of border protection, and from those of immigration and customs enforcement. For these reasons, we believe the Nation is best served by protecting the transportation system with a dedicated and distinct entity that provides the necessary expertise and focus to address the unique characteristics and security needs of the transportation system.

Having said this, we fully agree that the security of the transportation system intersects significantly with the security of our borders, Ports of Entry, cargo and passengers and the security needs of Customs and Immigration. It is very appropriate that the TSA work closely and coordinate with the BCBP and the Bureau of Immigration and Customs Enforcement (BICE), with oversight and guidance from the Under Secretary for BTS, as well as in coordination with other DHS directorates and agencies. As DHS evolves, the Secretary must continue to assess how to best manage our critical mission, including the organization of its functions.

TSA: GUNS IN THE COCKPIT

Question. The Homeland Security Act of 2002 authorized the use of firearms by pilots in order to defend the flight decks of aircraft against criminal violence. The Transportation Security Administration has now begun to train pilots on a volunteer basis and recently 44 pilots have completed training and have been sworn in as Federal flight deck officers. The fiscal year 2004 budget requests an increase of over $17 million for the training of arming pilots with firearms. What is the cost of training each pilot and is such a large increase feasible and achievable?

Answer. The initial cost of training for a Federal Flight Deck Officer (FFDO) is approximately $2,000. In addition, the assessment of an individual's eligibility to be a FFDO costs approximately $3,000. To equip (firearm, holster, lockbox) a trained FFDO costs approximately $1,100. Therefore, the total cost to train and deploy an FFDO is approximately $6,200. Finally, semi-annual re-qualification is expected to cost about $700 per FFDO.

Additional program costs include building and maintaining an on-line application system and providing new FTEs to facilitate program oversight, operations support, and internal investigation.

With the funding requested for fiscal year 2004, TSA expects to be able to assess, train, equip and deploy thousands more FFDOs (the actual number is considered sensitive security information).

Question. From learned efficiencies will there be one agency that will administer all of the training or is it more feasible for several agencies to carry out the training?

Answer. TSA intends to conduct all initial (or basic) FFDO training at the Federal Law Enforcement Training Center (FLETC) campuses in Glynco, GA and Artesia, NM. TSA is working in partnership with both locations to deliver this training. Use of these facilities ensures consistent and thorough training of new FFDOs.

Question. Do the airlines incur any expense for the training of their pilots? If not, do you believe this should be a shared cost?

Answer. APATA specifically states that air carriers should not bear the costs to train their pilots as FFDOs.

Question. When will the Transportation Security Administration conduct the next training session and what criteria will be established to decide which pilots will receive the limited number of training positions if the interest is as large as expected?

Answer. The next training class commences on July 21, 2003. Volunteers will be scheduled for training on a rolling basis as they complete the selection process. Applications will be viable for a period of 1 year; persons eligible but not scheduled for training in the remainder of the current fiscal year will be scheduled for training in fiscal year 2004. No additional applications will be solicited until the eligible volunteers from the current application period have been scheduled for training.

TSA: PORT SECURITY GRANTS

Question. For fiscal years 2002 and 2003, Congress has appropriated a total of $388 million for port security grants by TSA for this important program to better secure our Nation's ports. Included in the recently passed Emergency Wartime Supplemental Appropriations Act for fiscal year 2003, an additional $20 million was provided for port security grants in addition to the $150 million made available just three months ago by the fiscal year 2003 Consolidated Appropriations Resolution. How soon will you be able to obligate these funds?

Answer. TSA expects to announce a second round of Port Security grants in late May/early June 2003. TSA and the Department of Homeland Security are working with the Administration to finalize budget execution plans for the spending of fiscal year 2003 appropriated funds for port security grants.

Question. How does the Coast Guard work with TSA to administer the grant-making process?

Answer. The Coast Guard, as well as the Maritime Administration of the Department of Transportation, has worked collaboratively in all aspects of the Port Security grants process. This includes developing the Broad Agency Announcement; defining the eligibility requirement, evaluation criteria, and evaluation process; and participating in all levels of application review and award decision making.

The Coast Guard, the Maritime Administration, and TSA jointly monitor the progress of all grants and collectively determine whether all grant requirements have been met.

EXPLOSIVE DETECTION SYSTEMS (EDS)

Question. Of the baggage screened at 429 commercial airports, TSA estimates that 90 percent of the baggage is screened electronically by either Explosive Detection Systems (EDS) or Explosive Trace Detection (ETD) machines. The President's budget provides $100 million only for the maintenance of these screening devices and does not provide any monies for the purchase of additional machines. How much of the $180 million in funding for fiscal year 2003 and carryover funds available from fiscal year 2002 for Explosive Detection Systems has been obligated in order for airports to comply with statutory deadlines mandated by Congress? If no funds have been obligated, when do you intend on obligating the remainder of the funds for the purchase of additional Explosive Detection Systems?

Answer. A total of $179,300,000 from fiscal year 2002 and fiscal year 2003 (including FAA funding) will be obligated by the end of May 2003 for EDS/ETD purchases.

Question. Do you believe if Congress appropriated funds for fiscal year 2004 for the purchase of additional Explosive Detection Systems that airports that are in the most need of these machines would be able to accommodate them and would this accelerate the electronic screening of all passenger baggage?

Answer. TSA is in the final stages of developing a deployment plan for those in-line installations that will be supported by the Federal Government through appropriations funding and the Letter of Intent (LOI) program. Throughout this process we have updated the actual numbers of machines that TSA will have to purchase and deploy to accommodate in-line installations.

Question. Now that the deadline to screen all checked airline baggage has passed and 100 percent of the checked baggage is now being screened for explosives, whether it be electronically or manually, what further efforts do you plan to implement to enhance the process of making sure all baggage that is checked for air travel is completely safe of explosives?

Answer. TSA's Transportation Security Lab (TSL) is aggressively working with manufacturers of new technologies that show promise of meeting the TSA's certification standards within a 2–3 year window for producing viable systems to enhance the screening process. TSL is also working with current manufacturers to enhance performance of currently deployed EDS equipment to improve detection capabilities, reduce false alarm rates and increase throughput capacity.

Question. It is reported that while improving, false alarm rates for baggage screening machines still occur too frequently. Can you address what new technologies are being pursued to address this problem and give us further detail on the $30 million proposed for fiscal year 2004 for the next generation explosive detection systems?

Answer. TSA has planned a two phase R&D program to identify and develop next generation EDS technology.

—*First Phase.*—TSA will direct approximately 85 percent of allocated R&D efforts towards a program which addresses evolutionary growth of present technology. The project will focus on:

—Life cycle extension of existing systems to include software enhancements that will lower the machine false alarm rates, increase baggage throughput and improve detection capabilities;
—Combining technologies (such as a combination of X-ray with quadrupole resonance or X-ray diffraction technology); and
—Emerging technology and products that are within a 2–3 year window for producing viable systems.

—*Second Phase.*—TSA will direct approximately 15 percent of R&D efforts to a project which is a longer-range project with potentially greater payoff. This is a 5 to 10 year project that will challenge industry to develop the next generation of EDS technology.

AIRPORT SECURITY IMPROVEMENT PROJECT

Question. TSA announced recently that Letters of Intent would be signed for about 20 airports to provide Federal assistance for permanent installation of explosive detection equipment. Which airports will receive this funding and when can we expect these monies to be obligated?

Answer. TSA is currently working to develop a comprehensive plan for EDS in-line installations that will include an estimate of how many LOIs TSA intends to utilize. We will provide details on that plan when it is completed.

Question. The fiscal year 2004 budget for TSA does not include additional monies for installation of explosive detection systems but in your prepared testimony you state that TSA expects to amend its budget request for costs associated with the Letter of Intent program. When can we expect a budget amendment from the Administration for additional funding?

Answer. TSA is working with the Department of Homeland Security (DHS) and the Office of Management and Budget (OMB) to determine what adjustments are needed to the TSA fiscal year 2004 Budget Request. These discussions include consideration of funds for the Letter of Intent program. When an Administration proposal is completed, TSA will provide details to the Congress.

Question. The Nation's largest airports that handle the greatest passenger volume are most in need of money for terminal modifications. However, if Congress provides additional funding for fiscal year 2004, there is concern that these same airports will receive funding and the smaller airports will be left out. Under Secretary Hutchinson testified that there is a procedure, or a priority system, to determine which airports will receive funding. Can you explain the order of how airports are chosen to receive funding for security improvement projects?

Answer. TSA has developed, and is applying, a prioritization process that provides for an objective method for determining which airports will be the first to move forward in the Letter of Intent (LOI) process to fund installations of in-line explosive detection system (EDS) equipment. The prioritization and complete plan for installations will be completed in the near future.

COMPUTER ASSISTED PASSENGER PRE-SCREENING SYSTEM (CAPPS II)

Question. Under Secretary Hutchinson testified before the Subcommittee that firewalls would be established for the Computer Assisted Passenger Pre-screening System in order to prevent personal data from being collected by the government or retained by the government. What procedures are being put into place to prevent this firewall from being breached?

Answer. The firewalls which are being incorporated into the CAPPS II system to protect privacy will themselves be protected through the use of the "Radiant Trust" system. This system will audit, in real time, the flow of all data into and out of the CAPPS II system and will also audit any access to or modification of the data in the system. The software used in the auditing component of the system is the same software trusted by intelligence agencies for the protection of highly classified information. In short, we believe that data processed by the CAPPS II system will be accorded the highest level of security available for such data in any system in the government.

Question. Some Transportation Security Administration passenger screeners have repeatedly searched individuals who clearly do not fit the profile of possible terrorists. What is the Transportation Security Administration doing to cut down on these "false alarms" or "wasted searches?"

Answer. One of the advantages of the CAPPS II system will be that it will greatly reduce the type of unnecessary screening referred to in this question. Unlike the current prescreening system in place, currently administered by the airlines, TSA is developing CAPPS II to have a robust authentication function to help ensure that people who do not pose a threat to commercial aviation security and will not be con-

fused with those who are identified as posing such a threat, and therefore will not be subjected to repeated and unnecessary additional scrutiny when they travel. Further, if such errors do occur under the CAPPS II system, TSA will have a "Passenger Advocate" who will be empowered to investigate any errors and assist in correcting repeated instances of misidentification.

In sum, TSA agrees that repeated screening of the wrong person wastes resources and that once implemented, CAPPS II will be a useful resource allocation tool that will assist in ensuring more appropriately focused screening.

LAW ENFORCEMENT OFFICERS (LEOS)

Question. For fiscal year 2003, the Transportation Security Administration previously planned to negotiate long-term agreements with state and local law enforcement agencies to provide uniformed officers at passenger security checkpoints this year and in the future. Recently, TSA announced that local airports would not be reimbursed for law enforcement officers and the airports would now have to shoulder the burden for this mandate. What is the rationale behind elimination of reimbursing law enforcement officers at airports?

Answer. TSA will continue to provide reimbursements for some law enforcement. However, the fiscal year 2003 Omnibus Appropriations bill (Public Law 108–7) provided new authority for the Administrator of TSA to allow stationing of law enforcement personnel at places other than the airport screening checkpoints if TSA determines that such stationing will still provide adequate responsiveness to incidents (problems) at these locations. Flexible stationing enhances overall security by providing surveillance detection and visual deterrence at the airports. Roving patrols can cover more ground, will be observed by more passengers, will gain a better understanding of the airport domain and will lessen the manpower constraints on local jurisdictions. In addition to enhancing security, this provision will greatly affect the reimbursement program by significantly reducing funding requirements. TSA is reviewing the current and historical requirements of the security and law enforcement program for each airport. TSA Federal Security Directors are consulting with the Airport Operators and local law enforcement agencies to determine whether returning to a No-Cost Flexible Response Alternative Program as provided by the Airport Security Program (ASP) is sufficient to meet the needs for security at that particular airport.

Question. How do you anticipate financially-strapped airports to be able to make up for this shortfall?

Answer. Financial assistance in the form of a Reimbursement Agreement (RA) will be available in cases where a no-cost program would critically and adversely affect the financial resources and security staffing requirements of the host agency.

TRANSPORTATION WORKER IDENTIFICATION CARD (TWIC)

Question. The Transportation Security Administration was provided $35 million in fiscal year 2003 to initiate a credentialing program for all transportation workers, such as dockworkers, truck drivers, and airline caterers, to carry Federal identification in order to provide a more secure work environment. The Transportation Security Administration is now in the process of carrying out a four-month pilot project where workers will be issued a transportation worker identification card (TWIC) with one of five technologies in order to determine the most appropriate, secure technology before a prototype is developed. Can you give us a status report on the pilot project and explain the different technologies that are being considered that will be incorporated in the prototype transportation worker identification card? Will biometric technologies, technologies that incorporate iris, facial, and fingerprint recognition, be incorporated in the pilot?

Answer. A contract to conduct the Transportation Worker Identification Credential (TWIC) Technology Evaluation Phase pilot projects in the Philadelphia/Delaware Basin and Los Angeles/Long Beach areas was awarded to Maximus, with EDS (Electronic Data Systems) as a subcontractor, on April 23, 2003. The multi-modal pilot projects will include testing credentialing technologies in applications for aviation, highway, maritime, rail workers, and others.

The intent of the Technology Evaluation Phase is to evaluate a range of potential access technologies for interoperability and performance at six facilities in each area. The test will include six different access control technologies including digital photographs, optical (laser) media stripes, microchips, magnetic stripes, and two different types of bar codes. As part of this phase, the benefits of employing a centralized card production and issuance center will be evaluated.

Biometric technologies will be incorporated in the Prototype Phase of the TWIC program. During this next phase, a TWIC reference biometric will be incorporated

into the credential and tested at the pilot sites. A specific reference biometric has not yet been chosen. In addition to the biometric technology selected for the reference biometric, the TWIC credential will have the capability to store other biometric information for use in various security applications as required by individual transportation facilities.

HIGHWAY WATCH PROGRAM

Question. Does the Transportation Security Administration intend on any contractual agreements between the Federal Motor Carrier Safety Administration and the trucking industry for the Highway Watch program as recently directed by Congress?

Answer. The Highway Watch Program is a joint government/industry program and TSA expects to build-on rather than replace this existing program as it defines future highway security needs. TSA is working with the Federal Motor Carrier Safety Administration to determine the requirements for expansion of the current Highway Watch Program.

QUESTIONS SUBMITTED BY SENATOR BEN NIGHTHORSE CAMPBELL

LINES OF COMMUNICATION

Question. In the hours following the attacks on the Pentagon and the World Trade Center, it was clear that the lines of communication between everyone involved in air travel—the FAA, Federal authorities, airlines, and customers—was severely deficient, if not to say completely inadequate. What steps have been taken to improve this so that information moves quickly and accurately from the air traffic controllers to the airlines to the passengers, and most importantly, to the appropriate agencies in the event of another emergency?

Answer. The communications flow between air traffic controllers, airline corporate headquarters and security divisions, Department of Defense, and other Departments occurs under processes established among the Federal Aviation Administration, Transportation Security Administration, Department of Homeland Security, and the Department of Defense. In cases where there is a known threat to aviation security, the agency that identifies the threat establishes communications with the other agencies via established conference calls, at which time all command centers are brought into a coordination conference call. In addition to these interagency conference calls, each agency initiates calls within its own organization for coordination with internal response and information sources to build and maintain situational awareness. The Transportation Security Administration establishes direct links to internal and external agencies via secure and non-secure means for information gathering and direction. The communication systems are tested regularly to identify and correct glitches in the lines of communication so that we are confident there will not be any problems in a real emergency. At the end of every test, we conduct an outbrief to review the exercise and identify areas for improvement. These communications links encompass the full spectrum of agency capabilities to respond to any threat to aviation security. Additional details on the secure elements of the communication links can be provided in a classified setting.

AIR MARSHALS

Question. On September 11th, it became apparent that our Nation's protectors of the commercial skies, the U.S. Air Marshals, needed to be in better communication—not only with their superiors but also with each other. Who knows what could have been averted, and how many lives could have been saved had communications technology been available. I know that over the past year or so, the TSA has been working with technology companies in order to develop a communications system that allows the air marshals to communicate in real time with officials on the ground, as well as other air marshals stationed on other commercial aircraft. I think this is necessary so that our air marshals are not isolated at 30,000 feet. Do you have any knowledge of the progress of this technology development?

Answer. Pursuant to House Conference Committee Report 107–593, TSA's Federal Air Marshal Service (FAMS) was provided $15 million to begin the initial implementation phase of the Air to Ground Communications program. TSA intends to utilize this funding to purchase a Commercial Off-the-Shelf (COTS) product, which includes hardware and software, for implementation of the Air to Ground communications system. This initial system will allow the FAMS to utilize a portable, quickly deployable air to ground communications system which will seamlessly integrate existing FAMS wireless technology. This comprehensive wireless communications system may also be used by other local, State, and Federal agencies, and the Depart-

ment of Defense, to achieve secure communications through a dedicated law enforcement network.

BAGGAGE SCREENERS

Question. The TSA recently announced plans to eliminate 3,000 more airport screening jobs by the end of September, coupled with 3,000 others announced in March, amount to about 11 percent of the 55,600 screeners employed. This plan will save the TSA an estimated $280 million. I applaud the TSA's effort to trim their budgetary needs, however, is a good idea to cut the work force and putting some workers on part-time hours? Do you believe this to be a wise decision at this time?

Answer. TSA believes that making effective use of part-time screening personnel is in the best interest of both security and the taxpayer. Most airports have a peak time, or several peak times, during which a screening presence is needed beyond the normal throughput. The ability to use part-time or split shift personnel during these focused periods is a policy with significant possibilities. With the implementation of improved scheduling tools, TSA expects to be able to optimize the workforce with the appropriate mix of full-time, part-time and split shift personnel to better match travel patterns.

Question. Will we still have enough workers to screen 100 percent of the bags?

Answer. Yes, the screening force will not be cut below the level needed to screen 100 percent of the baggage.

AIR TRAFFIC CONTROLLERS

Question. A year ago, we discussed the need for accountability in the security screeners and airport employees as a whole. Then Congress passed the Aviation and Transportation Act which federalized those employees. Recently, President Bush issued an executive order that deleted the clause in a previous order signed by President Clinton that described air traffic control as an "inherently governmental function." The Administration has proposed studying whether to hire a private company to take over the air traffic control system. What effect will privatizing the Air Traffic Controllers will have on the current system? Do you believe it will solve current issues, or create problems?

Answer. Because the safe operation of the Nation's air traffic control system is the responsibility of the Federal Aviation Administration (FAA), an agency within the Department of Transportation (DOT), these questions are more appropriately addressed to that agency. However, it is our understanding that although DOT recently deemed the FAA's air traffic controllers to be "commercial" within the meaning of the required annual FAIR Act inventory of agency functions, the Secretary also decided that the non-contract tower functions are core capabilities of the agency and will not be subject to competition or contracted out.

QUALIFIED ANTITERRORISM TECHNOLOGIES

Question. The Homeland Security Act of 2002 (Sections 862) provided the Department of Homeland Security with authority to compile a list of "qualified antiterrorism technologies" that would qualify or receive certain protection under that Act. Has this list been compiled? If not, why?

Answer. The Department of Homeland Security is in the process of drafting regulations for implementation of Section G of the Homeland Security Act of 2002 and places a high priority on their issuance for public comment and implementation. These regulations will provide the basis for the Department to compile a list of qualified antiterrorism technologies in accordance with the criteria and provisions of the Homeland Security Act.

Question. If this list has been compiled, can Members of this Committee get a copy of this list?

Answer. A list of "qualified antiterrorism technologies" has not yet been compiled because the regulations needed to implement Subtitle G of the Homeland Security Act of 2002 have not yet been issued.

Question. How would a company that has an antiterrorism technology be considered for approval?

Answer. At present, there is no process by which a company can submit its technology for consideration for approval as a qualified antiterrorism technology. Such a process will be available after the regulations needed to implement the provisions of Section 862 of the Homeland Security Act have been finalized and issued.

Question. Do they need to wait for the rulemaking process to be completed to apply for approval?

Answer. Yes.

Question. If so, when will that process be completed?

Answer. As indicated earlier, the process is currently in progress and will include a public comment period on the proposed regulations prior to their finalization and issue. At this time, it is not possible to provide a specific date for completion of the rulemaking process.

QUESTIONS SUBMITTED BY SENATOR ROBERT C. BYRD

FULL-TIME EQUIVALENT SCREENERS CAP

Question. The Congress has required your agency to achieve a cap on full-time screening employees of 45,000 individuals. Does this staffing limitation force your agency to make bad or inefficient management decisions?

Answer. As a threshold matter, the cap referred to in the question applies to full time permanent employees throughout TSA and not just screeners. The cap affects, among others, TSA headquarters staff and Federal Air Marshals.

TSA acknowledges the requirement to reduce and re-distribute some of the screener workforce. At some of the airports, we did not experience the voluntary attrition we expected, and at other airports, attrition has been greater than programmed. Getting the right number of screeners hired and trained at the right airports will continue to be a management challenge. It will be essential for us to use our work force in a flexible manner if we are to avoid long lines after the reduction. Part time employees will be essential for staffing checkpoint lanes during peak periods. Through the implementation of good management principles and practices, TSA will be able to maintain world-class security with a more efficient, more effective screener workforce.

BUS SECURITY

Question. TSA has been given funds for a program to enhance motor coach security ($25 million total from the Supplemental and Transportation Appropriations bill). The first application period ended in March. When do you expect that your agency will announce those grants and what criteria have you used to award these funds?

Answer. Request for applications for the initial round of bus security grants was published in the Federal Register on January 17, 2003. The application period closed on March 19, 2003. Interagency national and executive review teams recently completed their evaluations of the proposals. TSA anticipates awarding the grants in June 2003.

In developing funding recommendations, the national evaluation team used the evaluation criteria published in the Request for Applications, which included the following: relevance and importance, technical quality of the proposal, competence of the project team to perform the work, appropriateness and reasonableness of the budget, and corporate experience and capability.

Question. With all your focus on the airlines and their security, when do you expect that you will turn to other modes of transportation and have you done any preliminary studies or have any ideas as to what can be done to protect rail and bus passengers?

Answer. TSA, working through the Border and Transportation Security Directorate (BTS) and with the Information Analysis & Infrastructure Protection Directorate (IAIP), is currently working with Federal surface and maritime transportation modes, and governmental and industry stakeholders to better assess security vulnerabilities, identify security enhancements, and, where needed, establish best practices, national standards, and security plans and regulations.

Additionally, TSA continues to assess security vulnerabilities and identify needed security enhancements to the rail and bus system and related infrastructure and is engaged in the following rail and bus security activities:

—Coordinating information and threat sharing through the Surface Transportation Information Sharing and Analysis Center (ISAC), which is managed by the Association of American Railroads, including deploying TSA personnel to the ISAC.

—Studying (in collaboration with Amtrak and Federal Railroad Administration) the feasibility of prototyping the screening of both passengers and baggage in a rail environment.

—Identifying the gaps in antiterrorism training among rail personnel.

TSA also provided support to a study conducted by the Volpe National Transportation Systems Center entitled "Security Enhancement Study for the U.S. Motor coach Industry." This study assesses the level of security threats within the motor

coach industry, prioritizes industry vulnerabilities and identifies potential areas of opportunity to enhance security.

Question. In your opinion, is it more important to enhance protection to transportation routes and corridors or significant transportation destinations?

Answer. Both transportation routes and corridors and significant transportation destinations play a critical role in our economy. Enhancing protection of both of these areas will ensure the uninterrupted flow of commerce and maintain the confidence of the traveling public. Because the routes and corridors and destinations are economically interdependent, leaving one unprotected is not an acceptable alternative. Risk analysis does indicate however, that the greatest threat lies within the transportation destination, for it is there that those who would do us harm achieve the greatest impact (potential greatest loss of life, impact on critical infrastructure and economy, and access to major media markets).

Question. Some bus operators (e.g. Greyhound Bus Lines) have begun "wanding" passengers in its largest terminals. Has TSA had any discussions with Greyhound or with the industry's trade association (American Bus Association) about the usefulness, cost and practicality of expanding such efforts?

Answer. TSA has had broad discussions with both Greyhound Bus Lines and the American Bus Association (ABA) with regard to Greyhound's pilot project to perform random "wanding" of passengers at 32 cities across the Nation. Greyhound has found that "wanding" works well on several fronts, discouraging passengers from bringing drugs and dangerous or otherwise threatening items onboard as well as providing a tangible demonstration of enhanced security. Greyhound is exploring the feasibility of and identifying resources needed to expand their "wanding" program to include 50 percent of Greyhound's terminals. In addition, other bus operators are evaluating whether and how to incorporate "wanding" into their security protocols.

FEDERAL AIR MARSHALS TRAINING LOCATION

Question. Does TSA, in conjunction with FLETC, plan to consolidate training of Federal Air Marshals at one location (Artesia) as opposed to the expense of training in Atlantic City?

Answer. The Federal Air Marshal Service (FAM) has no plans in conjunction with FLETC to consolidate the training of Federal Air Marshals (FAMs) at one location (Artesia).

All FAMs are required to attend the FAMS 7-week Basic Training Course conducted at FLETC in Artesia, New Mexico and the 4-week FAMS Phase II Specialized Training Course conducted at the FAMS Training Center in Atlantic City, New Jersey. The training in Artesia consists primarily of basic police and law enforcement training that is aimed at providing a student the fundamental law enforcement training related to their positions. The training in Atlantic City is specialized training related directly to the FAMS mission. It takes place in facilities and on equipment that are designed to replicate the working environment that a FAM will encounter during a mission. In addition, instructors from the Federal Aviation Administration (FAA) and other outside entities that conduct some of the specialized FAMS training would not be available if the training were conducted at the FLETC-Artesia location.

A recently held curriculum review conference was attended by representatives of the FAMs, TSA's Office of Training and Quality Performance, and FLETC-Artesia. A coordinated effort is underway to eliminate all duplicative training courses in each segment of the training to maximize the time FAMs spend in the specialized mission-related training facilities uniquely available in Atlantic City.

FEDERAL AIR MARSHALS RETENTION RATES

Question. Regarding the retention rate of Federal Air Marshals, does the turnover exceed training costs? What is being done to enhance retention? Is emphasis in hiring placed on Federal law enforcement officials—most of whom have already received FLETC-certified training—and whom we understand are relatively less costly to train than other recruits?

Answer. In order to address the issue of retention, two points need to be addressed. First, looking at Federal Air Marshal (FAM) attrition over the year and a half since the program has undergone a significant build up, it is apparent that the attrition rate is no greater than that of the rest of the Federal Law Enforcement workforce. FAM attrition was initially very low, and then there was a spike noted late last summer. Since December 2002, the attrition rate has stabilized at half of a percent per month. Second, the build up to comply with the Congressional mandate resulted in hiring the FAM workforce without being able to sufficiently hire

the warranted supervisory personnel. Since this past fall, when a cadre of experienced Federal Law Enforcement Supervisors and Managers were selected and deployed to each of the Field Offices, there has been a significant reduction in the number of resignations and a noted stabilization of the FAM workforce.

Turnover does not exceed training costs. The cost of half of a percent per month attrition does not exceed the monthly budget allocation for training.

The Federal Air Marshal Service (FAMS) recruits from a variety of sources including those individuals with Federal law enforcement experience. It is the goal of the FAMS to select the best-qualified individuals for the workforce, following all applicable OPM regulations. Since September 2001, the FAMS has actively recruited individuals with prior Federal law enforcement experience, as have many other Federal, State, and local agencies with law enforcement responsibilities. Competition for those best-qualified individuals has been intense. During the emergency stand-up period running through July 2002, approximately 50 percent of the FAMs hired had previous Federal law enforcement experience. Hiring personnel with former Federal law enforcement experience realizes cost savings; however, all personnel, regardless of their backgrounds, require specialized Federal Air Marshal Training.

WYDEN AMENDMENT TO S. 165—AIR CARGO SECURITY IMPROVEMENT ACT

Question. S. 165, as it passed the Senate, requires a report on plans by the Transportation Security Administration to gather data on plane passengers. He said he wanted to determine how the collection of data impacts civil liberties and privacy. Has the Administration taken a position on the Wyden provision? Does it share the same concerns about personal privacy and data mining issues?

Answer. The Administration does not oppose the Wyden provision. TSA is committed to ensuring that personal privacy is protected in the CAPPS II program and welcomes the opportunity offered by Senator Wyden to demonstrate that commitment. TSA is developing CAPPS II in ways that protect personal privacy. Strict firewalls and access rules will protect a commercial air traveler's personal information from inappropriate use, sharing or disclosure. Also, CAPPS II will include real-time auditing capabilities in the system architecture to ensure compliance with domestic and international laws and the privacy policies of TSA and other Federal agencies. In addition, it is TSA's goal to listen to the views of our stakeholders, the traveling public, privacy advocacy groups and the Congress and to use the feedback to help create and develop the CAPPS II system. With regard to data mining, as understood by TSA, "data mining" means sifting through vast amounts of data to identify any possible patterns. CAPPS II starts with a known person, the air traveler, and seeks to authenticate his/her identity and to determine whether that person poses a terrorist risk to the aircraft, other passengers, or the public. It is not seeking out unknown patterns in vast quantities of data.

TRUSTED TRAVELER PROGRAM

Question. In conjunction with development of the CAPPS II program, there has been some discussion of also exploring development of a "trusted traveler" program similar to those in place at certain overseas airports for frequent, especially business, travelers. Has the Department explored piloting such a program in this country? If not, why not? If so, what has the Department learned in this regard?

Answer. The concept of the Registered Traveler (RT), or "trusted traveler," is still in its development stage. TSA is conducting a business-based feasibility study to examine the range of program alternatives, evaluate viable technologies and develop a range of funding and cost-sharing options. As TSA makes progress with CAPPS II and further defines the registered traveler concept, we will be in a better position to determine how a RT program might be implemented and identify other advantages for travelers who volunteer to participate.

TSA is still in the process of developing CAPPS II to identify those persons who are involved with or linked to foreign terrorism and who pose a threat to aviation security. At the same time, TSA is reviewing the RT concept, per Section 109 of the Aviation and Transportation Security Act (ATSA), which provided TSA with the discretion to "[e]stablish requirements to implement trusted passenger programs and use available technologies to expedite security screening of passengers who participate in such programs, thereby allowing security screening personnel to focus on those passengers who should be subject to more extensive screening."

The current thinking around RT is that passengers who apply to the RT program will voluntarily submit to background checks. Based on these checks, TSA would be able to assess whether the passenger presents a risk to aviation security. If it is determined that the passenger does not pose such a threat, they will be registered as a RT, or, alternatively, if they do pose a threat to aviation security, they would

not be registered. Thus, there are no levels of clearance—people either participate in the program or they do not. If they are in the program, it is possible that this group of people could be entered into the CAPPS II system as individuals who do not present a risk to aviation security.

In this situation it is envisioned that RTs would generally be exempt from secondary screening. For the majority of cases, RTs would only receive secondary screening if they trigger an alarm at the walk through metal detector (WTMD). The benefit to the RT is the potential for expedited security screening.

TSA: GOALS AND MANAGEMENT

Question. A recent General Accounting Office report has given the Transportation Security Administration high marks, saying it is off to "an impressive start" in motivating its workforce to achieve performance goals. At the same time, the agency has focused the vast majority of its resources on the aviation side of the ledger almost to the exclusion of other modes of transportation. The budget request for fiscal year 2004 appears to continue this trend, with only $86 million planned for Maritime and Land Security out of a budget request of $4.82 billion. There are reports that TSA is working on a national security plan that will address all modes of transportation, including the development of partnerships with the private sector. Can you give us some examples of what these might be? Do you anticipate modifying or realigning your budget request to accommodate these plans?

Answer. We do not anticipate modifying the TSA request for this purpose. DHS, overall, has requested substantial resources in fiscal year 2004 across the Department outside of aviation, including resources in the Coast Guard for ports and maritime security; in BCBP for cargo security; in IAIP for vulnerability assessment, intelligence, and infrastructure protection for all sectors including transportation; and in EP&R for emergency response. ODP recently announced grants including $75 million for port security and $65 million for mass transit security in fiscal year 2003. TSA is continuing key standards-setting efforts, and will work closely with modal administrations of the Department of Transportation to help leverage resources of that agency, where appropriate, to accomplish security goals.

TSA: BUSINESS ASSISTANCE IN DEVELOPING SECURITY PLANS

Question. Transportation Security Administrator, Admiral Loy, recently told a group of business leaders that he needs their assistance in developing a national security plan for transportation systems. He said, "This is an all-hands evolution. We are sort of in this together." What types of assistance is TSA looking for from the private sector? Is there a timetable for deliverables on this national transportation security plan? What measures are being used to determine whether the plan is working?

Answer. Industry participation is vital to TSA's success and our security paradigm involves industry input at almost every step of the process. From domain awareness, where industry has the benefit of day-to-day observation, to prevention, protection, response, restoration and consequence management, TSA, its modal partners and industry will be essential to the establishment and effectiveness of a comprehensive transportation security plan.

Specific measures of effectiveness will be developed as the plan is put in place and appropriate security standards are decided.

LETTERS OF INTENT

Question. The fiscal year 2003 Iraqi War Supplemental (Public Law 108–11) included a provision allowing the Under Secretary for Border and Transportation Security to issue letters of intent to airports to provide assistance in the installation of explosive detection systems. What is the status of this issue? Is the Office of Management and Budget delaying the issuance of these letters?

Answer. OMB supports the use of LOIs as a tool for improving security, leveraging private sector resources and is working with TSA on its in-line installation plan and the use of LOIs in support of that plan.

TSA'S CRUISE SHIP TO AIRLINES PILOT PROJECT

Question. My staff had the opportunity while in Miami to observe the operation of a temporary pilot project which has been instituted between a major cruise line and a major airline. In this pilot, disembarking cruise passengers who are immediately transiting through to the airline have their bags examined by Transportation Security Administration screeners at a dock-side facility and receive their boarding passes from airline representatives. Then their bags are transferred to the airport

in a secure vehicle while the passengers take a bus to the airport and, upon arrival, proceed directly to the gate. Under this system, the passenger is able to avoid waiting in additional lines at the airport, while at the same time congestion is slightly reduced at the airport itself. By all accounts, this is a system that is working well and demonstrates a fresh approach to both security as well as passenger processing. How much does this pilot program cost and are funds included in the fiscal year 2004 budget for it to be continued? Are there other locations to which this project could be expanded? What other innovative ideas, if any, is your agency considering piloting in the coming year?

Answer. The program mentioned in this question is called Synergy and is currently working well in Miami. There are no additional costs in this program, and it actually improves security by eliminating much of the congestion accompanying a cruise ship's passengers all arriving at the airport simultaneously. Other, similar programs are proposed for areas with hotel concentrations, as well as other major cruise ship embarkation points. TSA will pursue all avenues to allow air commerce to more freely move while maintaining the same high level of security.

TRANSPORTATION WORKER IDENTITY CARD

Question. You have included in your budget request for the next fiscal year funds to begin implementing the Transportation Workers Identity Card program. Given that some transportation workers in certain locations often have criminal records, what will be some of the determining or prohibiting factors under which a worker will be provided or denied a card?

Answer. At the present time, the determining factors for whether or not a person obtains any federally-based TWIC across transportation sectors have not been determined. Many considerations must be assessed and evaluated, and ultimately these may vary depending on the nature of an employee's work and risk to the transportation system. The three primary acts which guide our current policy on credentialing include the Aviation and Transportation Security Act of 2001, the USA PATRIOT Act of 2001 and the Maritime Transportation Security Act of 2002. The acts differ both in specificity and in the length and range of offenses that would be disqualifying for obtaining a credential.

PORT SECURITY ASSESSMENTS

Question. Have you reviewed the port security assessments that have been completed to date to determine if there are patterns in port vulnerability that ports generally should begin to address immediately?

Answer. Review of the port security assessments completed to date, both by the ports themselves using TSA port security grant funds and those completed by the Coast Guard, has yielded valuable preliminary information regarding security enhancement requirements. These assessments have identified a number of physical security enhancements that were either non-existent or needed improvement, such as fencing, lighting, and closed circuit television systems. Other common recommendations included: setting standards for transportation worker identification systems, creating security plans, enhancing communications systems, and establishing screening equipment standards for cargo and passengers.

SUPPORT CONTRACTS

Question. In response to questions at the hearing, you spoke to the difficulties TSA has experienced with a number of its contracted out functions—including screener training, human resources and the like. Please provide the Subcommittee with a list if the contracts that TSA has let for specific functions since its creation, the number of people hired to perform the contracts, the prices of each contract and if a contract has been terminated and a new contractor brought on to perform the same function.

Answer. TSA has awarded 6 significant contracts for its "contracted out services". The six contracts and their associated information are listed in the attached document. None of these contracts have been terminated, although the period of performance for one contract has expired. Each of these contracts is a performance-based service contract (PBSC), where the contractor is required to deliver services in accordance with specific performance metrics. In general, TSA requires these contractors to achieve desired outcomes, and does not require them to adhere to non-performance standards (such as contract staffing levels). The contractor has the flexibility to achieve performance metrics utilizing innovative approaches that have not been restricted by procedural or resource requirements. TSA does not require these contractors to report the number of people employed.

To this point, TSA has awarded contracts to Cooperative Personnel Services and Accenture to perform human resources management functions previously provided to TSA in part by NCS Pearson for the deployment of the aviation security workforce. The current contracts now cover the entire TSA workforce, not only the screener component. And, the recently awarded contract to Lockheed Martin services for security training services replaces the contract with Lockheed Martin Services for passenger screener training. In both situations the new contract requirements are for a broader range of services than those provided under the original contract.

S. 165—AIR CARGO SECURITY ACT

Question. The Senate recently passed this legislation. What new activities will this law impose on your agency? If enacted into law, what impact will this law have on your agency's budget? What additional resources—personnel, funds, etc. will be required?

Answer. TSA generally does not believe it will be necessary to increase personnel and funding to meet the requirements of the Senate bill. Should this bill, or TSA's air cargo security strategy, suggest new resources are needed, these will be found in base TSA funding. TSA has already set up screening protocols for air cargo, is regularly inspecting air cargo facilities, and is working to complete its "known" shipper database. $30 million in requested fiscal year 2004 funding will enable TSA to refine and improve its screening protocols, through development of a risk-based, freight screening process, and investigate cargo screening technologies.

This legislation would also transfer responsibility for investigating foreign applicants for flight training from the Attorney General to the Under Secretary for Border and Transportation Security. TSA may assess fees for the cost of the investigations.

The legislation further provides that TSA may establish a program to use identification verification technologies. The use of surveillance and recognition technology may ultimately proves useful in airport applications, but it would require maintenance of an appropriate photo watch-list based on intelligence and law enforcement resources from outside TSA.

QUESTION SUBMITTED BY SENATOR PATRICK J. LEAHY

Question. As you may know, law enforcement officials from New England and New York have been national leaders in establishing an initiative for cargo container security called Operation Safe Commerce Northeast (OSC Northeast). OSC Northeast represents a comprehensive coalition of Federal agencies, State governments and private sector businesses committed to the concept of enhancing border and international transportation security without impeding free trade and international commerce. Originally conceptualized a month before the tragic events of September 11, 2001, I commend Vermont U.S. Attorney Peter Hall and others for being such forward thinkers about the need to monitor the security of overseas freight that is coming into our country.

On April 21, 2003 the Wall St. Journal carried an article warning that Canadian ports could provide a back door into the continent for terrorists targeting the United States. The Canadian Ports of Montreal and Halifax are among the principal seaports servicing much of the northeast and mid-west. For example: of the 1.2 million containers unloaded in Montreal last year, half (600,000) were destined for the United States. One billion U.S. dollars of trade is conducted daily between the United States and Canada, therefore, a disruption of trade between the two countries would be devastating to our respective economies.

Last year (May 2002), OSC Northeast conducted a beta study of international container cargo entering the United States via Montreal. This project, involving both United States and Canadian participants, monitored, tracked and sealed a container from its point of origin in Eastern Europe through the Ports of Hamburg Germany to its final destination in Hillsboro, New Hampshire. To date, I believe this is the only group to have conducted and completed such a study and compiled a detailed report of findings and recommendations.

This group, which is chaired by the Governor of New Hampshire and the U.S. Attorneys for Vermont and New Hampshire, is prepared to proceed with a Phase II initiative dealing with container verification and the transshipment of international cargo. Most recently they have partnered with Lawrence Livermore National Laboratory—one of the nation's premier applied science labs—to further examine international cargo entering the continent via Canada and then transshipped via rail and truck inland, or transshipped via feeder vessels for delivery along the Atlantic (New

England) coast. This interesting initiative consists of a collaboration of State, Federal and private sector (United States and Canadian) partners prepared to assist the Nation and homeland security.

Therefore, in light of the recognized disruption to the northeast and mid-west economies should a catastrophic event occur related to international trade corridors the TSA should better engage and utilize the resources of the OSC Northeast group. To replicate such a group would take a team one full year just to organize and prepare. I understand the TSA is preparing to provide funding awards to the three largest United States load centers, as prescribed in the fiscal year 2002 Supplemental Appropriations Bill: Los Angeles/Long Beach, Seattle/Tacoma and New York/New Jersey. And data from all these sources should be used to detect and analyze vulnerabilities in our supply chains. I hope the TSA will take a closer look at funding the OSC Northeast initiative too. We are very vulnerable along our Northern Border, and this group would enhance the safety of cargo entering the United States through New England and Canadian ports.

What steps are TSA taking to incorporate the efforts of OSC Northeast into our national port security strategy? Will TSA be able to fund Phase II of the OSC Northeast initiative?

Answer. OSC Northeast was a public-private partnership that yielded invaluable information regarding our Nation's port security strategy. TSA has incorporated lessons learned from OSC Northeast, as well as from other initiatives and experience in order to capture, analyze, and build further upon the knowledge base.

Appropriated funding prioritized Operation Safe Commerce (OSC) pilot program funds to the three largest container Load Centers in the United States—the ports of Los Angeles and Long Beach, the ports of Seattle and Tacoma, and the Port Authority of New York/New Jersey. One of the project criteria for the OSC grants is to consider a supply chain through the Load Centers, which includes feeder ports and supply chains to Canada. To date, no supply chains have been submitted to the OSC Executive Steering Committee for consideration that include Northeast U.S. ports, eastern Canadian ports, or truck or train shipments destined for eastern or central Canada. TSA expects to complete work on this pilot program during fiscal year 2004, which we hope will provide useful solutions for supply chain security.

QUESTIONS SUBMITTED TO THE FEDERAL LAW ENFORCEMENT TRAINING CENTER

QUESTIONS SUBMITTED BY SENATOR THAD COCHRAN

Question. The Federal Law Enforcement Training Center's fiscal year 2004 budget requests $146 million. This amount represents a decrease of roughly 13 percent. Will the 2004 funding request provide for sufficient instructor staffing, training, and facility upgrades?

Answer. Yes, the President's fiscal year 2004 budget request provides sufficient funding for FLETC. It was based on levels of training requested by the partner agencies.

Question. The fiscal year 2003 supplemental appropriations bill provided the Federal Law Enforcement Training Center with an additional $2 million to support Operation Liberty Shield activities. How were these funds used to support Operation Liberty Shield?

Answer. The funding provided for additional training requested by our Partner Organizations and the security costs associated with the increased threat levels. As a result of increased security requirements, our partner agencies requested 35 additional mandatory, basic training programs, totaling 7,084 student weeks of training, in order to deploy 744 more agents and officers. The increased threat levels required the implementation of a roving security patrol at the Artesia training site and an increase to the roving patrol already in place at the Glynco training site.

Question. When the Department of Homeland Security elevates the Threat Advisory System, how does the heightened readiness affect the Federal Law Enforcement Training Center, and what impact does this elevated readiness have on the agency's budget?

Answer. When the DHS elevates the threat advisory level, the following increased security measures are implemented in accordance with published directives:

THREAT LEVEL 4 (ORANGE)

This threat level will be implemented based upon anticipated needs or communicated threats and will encompass all previously applied security measures at security levels 1, 2, and 3. Additionally, a 100 percent positive identification process, consisting of a valid FLETC-issued identification card and a second form of a state

or federally-issued government identification with a full-face photograph, will be implemented. Both forms of official identification must be produced and displayed to FLETC Security Police by all incoming personnel seeking access to any FLETC facility. Access will be denied if these specific identification requirements are not met. Additionally, FLETC Security Police will conduct random verifications and examinations of displayed FLETC identification at the various facilities within the FLETC proper; as such display of FLETC identification is required of all persons on any FLETC facility.

THREAT LEVEL 5 (RED)

This threat level will be implemented based upon anticipated needs or communicated threats and will encompass all previously applied security measures at security levels 1, 2, 3, and 4. The facilities will be closed to all visitors and only essential personnel on official governmental business will be granted access. All non-essential contract personnel will be dismissed. A 100 percent search of all vehicles (commercial, government and privately-owned) entering FLETC facilities will be conducted and increased security police patrols of all areas will be implemented. At this threat level, all Partner Organizations will be tasked with providing security to their personnel at any off-facility housing areas in support of local police agencies. The FLETC Director may cancel any or all training within the affected bureau facilities.

The security activities associated with the heightened threat advisory levels are ordinarily accomplished within the parameters of the Security Police contract at no additional cost to FLETC. However, if security threat situations dictate that the service contractor employ additional resources and/or authorize overtime to accomplish the required security activities, then additional fiscal resources will be necessary.

Question. Since September 11, the training needs of Federal agencies with homeland security missions have increased substantially. What is FLETC doing to respond to increased training requests from its partner organizations?

Answer. The near-term increased demand for law enforcement training has been accommodated by maximizing the use all available facilities and resources at Artesia, Glynco and Charleston. A FLETC management team worked systematically through a series of constraints analyses to optimize FLETC throughput capacity. As system constraints were identified, temporary measures/facilities were brought online to eliminate or reduce the constraint, increasing the FLETC overall training capacity. Additionally, FLETC has developed a number of creative scheduling solutions to accommodate the increased training demand (i.e. extended training week and extended training day).

To accommodate the mid-term demand, FLETC is currently studying all available options to meet the fiscal year 2004 through 2006 training requests, including shifting some basic and/or advanced training normally conducted at Glynco, Georgia to alternate sites which may include Artesia, New Mexico, Charleston, South Carolina, or, the soon to be completed, Cheltenham, Maryland facilities. This option will only be employed after consultation with the affected partner organizations and consideration of response ramifications.

Question. Many of the Federal agencies that rely on FLETC for training would prefer to establish their own training facilities. What additional steps does FLETC need to take to ensure partner organizations that coordinated Federal training is best for the agency and the taxpayers?

Answer. H.R. 2590, enacted into law by President Bush on November 11, 2001, provided appropriations in fiscal year 2002 to the Federal Law Enforcement Training Center (FLETC). A provision contained in this legislation directed the FLETC to initiate collaborative interagency efforts to establish written standards for the accreditation of Federal law enforcement training. As the principal source of consolidated Federal law enforcement training, the FLETC assists all Federal agencies. Currently, the Federal Law Enforcement Training Office of Accreditation, located at Glynco, is working to quantify what facilities exist and the capability of those facilities.

In addition, at the request of the Under Secretary, Border and Transportation Security (BTS) Directorate, Department of Homeland Security (DHS), the Federal Law Enforcement Training Center has been tasked with establishing a Training Academy Committee to identify and assess the training capabilities of all of the BTS training academies. The committee will use a two phased methodology to identify the training assets and to develop a plan for operating the facilities employed by each of the Directorate's bureaus, and will also include the Coast Guard, Secret Service, and the Bureau of Citizenship and Immigration Services. The operational plan will provide the framework for coordinating academy training. The Committee

will develop and submit a report at the conclusion of each phase according to the timelines established by its charter. Once the committee has identified all of the BTS training capabilities, FLETC can develop a more definitive utilization plan of facility usage at all BTS sites.

Question. On March 1, 2003, FLETC was transferred to the Department of Homeland Security. Is FLETC working to develop a cohesive training curriculum that will cross-train all Department of Homeland Security law enforcement personnel in counter terrorism practices?

Answer. FLETC is currently working with the newly formed Department of Homeland Security (DHS) law enforcement organizations to modify, design, and develop appropriate training curricula to ensure their specific mission requirements are met, to include the cross-training of agency personnel. In the interim, all DHS law enforcement personnel attend either FLETC basic training programs (Mixed Basic Police Training Program, Criminal Investigator Training Program, Federal Air Marshal Training Program) or FLETC integrated basic programs and receive anti-terrorism and counter-terrorism training as part of their basic training, The same personnel also attend FLETC's advanced Anti-terrorism and Counter-Terrorism Training Programs.

Question. The Congress intends for agencies within the Department of Homeland Security to improve information sharing. What training techniques is the Federal Law Enforcement Training Center utilizing to encourage information sharing among law enforcement personnel?

Answer. The Federal Law Enforcement Training Center, through the Financial Fraud Institute (FFI), employs training techniques which encourage information sharing among law enforcement personnel in the following ways:

First, FFI offers the Intelligence Analyst Training Program (IATP), which is a comprehensive 4-week training program designed for the law enforcement intelligence community. This program focuses on intelligence methodology, analytical skills, research techniques, and the processes necessary to support the effective collection, analysis and sharing of intelligence data. FLETC is currently proposing to expand this program to accommodate the training needs of the Department of Homeland Security.

Second, in addition to the IATP, FFI offers twelve other advanced training programs to a cross-section of Federal, State, and local law enforcement. This training ranges in topics from International Banking and Money Laundering to Computer Forensics. FFI provides advanced Money Laundering and Financial Investigative training to High Intensity Financial Crime Areas and High Intensity Drug Traffic Areas Federal task forces to assist in the national effort to combat money laundering and terrorist financing. FFI also provides advanced training in the area of computer network security, computer intrusions, and internet forensics. These computer forensic training programs encourage law enforcement personnel to coordinate with and to interact among law enforcement agencies and the private sector to combat computer crimes. This cooperation is stressed as being vital to the effective investigation of advanced technology crimes.

Third, FFI serves the international law enforcement community by exporting training in international money laundering and computer forensics to the International Law Enforcement Academy (ILEA) training sites worldwide.

Through the Criminal Investigators Training Program (CITP), the FFI introduces new criminal investigators to the information stored in a number of law enforcement data and intelligence resources, to include: NCIC/NLETS, the Financial Crimes Enforcement Network (FinCEN), El Paso Intelligence Center (EPIC), Narcotics and Dangerous Drugs Information System (NADDIS), and Interpol. FFI also trains law enforcement personnel in modern electronic information storage techniques which allow for the safe and efficient sharing of investigative materials.

Finally, FFI exposes students through its Internet Investigations Training Program (IITP) to the Cybercop Secure Portal which provides an encrypted secure collaborative network where over 3,700 law enforcement and private sector security personnel share sensitive but unclassified information. This portal is sponsored by the Extranet Secure Portal Group and is used by many other personnel within the Department of Homeland Security.

Question. As terrorists turn to the use of biological and chemical weapons to target America and our allies, what kinds of chemical and biological training has the training center developed to counter these activities?

Answer. In response to terrorist attacks, as well as the threat of biological and chemical weapons that target our country, the FLETC's Security Specialties Division has developed courses and training programs to train law enforcement personnel to be prepared for the worst case scenario. One of the more effective actions

taken was the development of the Weapons of Mass Destruction Training Program (WMDTP).

The WMDTP is a 5 day train-the-trainer program. The program goal is to instruct the trainer on how to identify the characteristics and effects of chemical, biological and nuclear/radiological terrorist weapons. Furthermore, the students/trainers are trained as first responder officers to these terrorist attacks. As trainers, the students are given course materials and taught how to share this information and train other officers and administrators to better prepare this country should such an incident occur. This program is offered to any law enforcement officer in the United States.

The course content of the WMDTP includes: Overview of Terrorism, Chemical Agents and Physiological Effects, Biological Agents and Radiological Weapons, Nuclear Devices, Delivery and Dissemination Devices, Principles of Decontamination, Conventional Explosives as WMD, Detection and Identification of CBR Agents Planning for WMD incidents, Personal Protective Equipment and Managing a WMD attack.

Question. The Federal Law Enforcement Training Center has partnered with the Office of Personnel Management and the Office of Management and Budget to provide e-learning opportunities. Does the fiscal year 2004 budget request provide funding for additional distance learning programs for law enforcement training?

Answer. In September 2002, the Federal Law Enforcement Training Center (FLETC) sent the Office of Personnel Management (OPM) a Letter of Intent to partner in providing law enforcement e-Learning opportunities. This partnership included "support for the creation and integration of robust custom law enforcement courseware based upon government and industry standards". In OPM's fiscal year 2004 e-Learning Exhibit 300, OPM requested $585,000 in support of the FLETC. Of these monies, approximately $185,000 was to support additional distance learning programs for law enforcement training. Fiscal year 2004 was the first budget submission that incorporated our partnership with OPM. The FLETC will continue to work through OPM's joint e-Learning initiative for future support of distance learning law enforcement content creation and hosting.

Question. The Federal Law Enforcement Training Center provides training to State, local, and international law enforcement officers. How is FLETC responding to the increased number of requests from State and local law enforcement, especially for hazardous materials and weapons of mass destruction training?

Answer. First response to terrorism or weapons of mass destruction incidents are normally handled by State and local officers. Federal agencies may be hours away from the scene and State and local law enforcement agencies need the training and equipment to respond to critical incidents. Some examples of Federal Law Enforcement Training Center (FLETC) training programs available to State and local officers are the First Responder Training Program (FRTP), Weapons of Mass Destruction Training Program (WMDTP), Seaport Security Anti-terrorism Training Program (SSATP), and Critical Incident Response Training Program (CIRTP). Since September 11, 2001, the demand for these types of training programs has increased significantly.

In fiscal year 2003, the FLETC received an additional $1 million in appropriations to expand its delivery of tuition-free training to Small Town and Rural (STAR) law enforcement agencies. When possible, the FLETC has increased student enrollment in the FRTP from 24 to up to as many as 70 students.

Additionally, the FLETC is partnering with the Environmental Protection Agency (EPA) to coordinate delivery of hazardous materials training programs such as Advanced Environmental Crimes Training Program (AECTP). The FLETC is also developing a partnership with the Federal Emergency Management Agency (FEMA) to assist in the delivery of various training programs to include: incident command, emergency response to terrorism, public information and weapons of mass destruction programs.

Question. Does FLETC have adequate capacity to meet Federal agency law enforcement training demands as well as those training needs of State, local, and international law enforcement agencies? Is there a priority?

Answer. At this time, FLETC does not have the training capacity to meet all the Federal, State, local, and international law enforcement agencies training demands while utilizing a standard 8-hour day, and 5-day training week. However, given adequate scheduling flexibility and the use of non-traditional training sites, the FLETC does have the capacity to meet the short-term training demands of our Partner Organizations. The long-term solution to the training capacity issue is the development, refinement, funding, and completion of the FLETC Master Plan for facilities.

Classes are scheduled on a priority basis as indicated below, allocating facilities to:

—Basic Training Programs,
—Agency Specific Basic,
—Center Advanced,
—Agency Advanced and
—Others (i.e., State, Local, and International).

Question. The Committee remains concerned about the security of power plants and nuclear facilities. Is the Federal Law Enforcement Training Facility working with the Office for Domestic Preparedness to develop best practices for first responders in protecting identified critical infrastructure and assets?

Answer. The FLETC's Security Specialties Division offers a Critical Infrastructure Protection Training Program (CIPTP) which addresses protection for all critical infrastructure sectors and key assets as outlined in The National Strategy for the Physical Protection of Critical Infrastructures and Key Assets, February 2003. Power plants and nuclear facilities are included as assets in this document. It also addresses security measures for cyberspace, because cyberspace is what allows our critical infrastructure to work. The CIPTP is designed for those individuals who have the responsibilities to protect and manage critical infrastructures, key assets, resources or facilities. Though FLETC's priority is the Federal law enforcement community, when space is available, participants are accepted from all levels of law enforcement.

The CIPTP provides the participants with an overview of critical infrastructure protection, a threat brief, a Critical Infrastructure Protection (CIP) Model, instruction related to the components of the CIP Model, a case study related to contemporary issues, and a practical exercise. Heavy emphasis is placed on two points: One, the fact that protecting critical infrastructure and key assets requires a multidisciplinary approach involving many people from numerous disciplines; and two, the need to build public-private partnerships, because 85 percent of the infrastructure is owned by the private sector.

Question. Section 109 of the Maritime Security Act tasked the Secretary of Transportation with the development of standards and curriculum for the training and certification of maritime security professionals. What is the Federal Law Enforcement Training Center's involvement in this process?

Answer. FLETC has established a partnering relationship with the U.S. Coast Guard and the Global Maritime and Transportation School, U.S. Merchant Marine Academy (USMMA), in anticipation of legislation being passed directing the development of a Seaport Security Training Program. Preliminary discussions are ongoing with regard to training site selection and curricula identification, but no funding or direction has been given for this activity to date.

Question. The Federal Law Enforcement Training Center provides training to rural law enforcement personnel through its partnership with Minot State University and Southwest Texas State University. Does FLETC have plans to expand this program or develop other partnerships?

Answer. Since 1991, the FLETC has developed many long-term partnerships with Federal agencies, training partners, State and local agencies, and universities. The FLETC, through its National Center for State and Local Training, serves on the International Association of Chiefs of Police (IACP) and the National Sheriffs' Association (NSA) Education and Training Committees, as well as the National Guard Counterdrug Training Advisory Counsel.

In 1996 and 1999, the National Center partnered with Illinois State University, to conduct random sample training needs assessments of small town and rural law enforcement agencies. Over 2,200 law enforcement agencies—county, city, and Indian Country—were surveyed to determine their training needs. The results of the 1996 study provided the foundation for the development of the STAR training series. Since fiscal year 2000, the National Center has contracted with Minot State University (MSU), to conduct a training needs assessment of all Federal, tribal, State, and local law enforcement agencies in the Northern Plains States Region (North Dakota, South Dakota, Montana, and Wyoming).

In fiscal year 2003, Congress allocated $1,000,000 to the National Center to expand its contract with MSU for research and validation efforts in support of the STAR training series nationwide. Additionally, the National Center received $500,000 to contract with the MSU to provide a comprehensive evaluation/assessment of the effectiveness of law enforcement vehicle pursuit training, previously conducted nationwide with law enforcement executives. The MSU is to provide recommendations for curriculum revision, training delivery methods, and program policy modifications in fiscal year 2004.

The National Center is currently partnering with Southwest Texas State University by providing assistance in the delivery of their Advanced Law Enforcement

Rapid Response Training Program (ALERRT). This program is designed to provide law enforcement officers the skills necessary to respond to active shooters.

The National Center has been conducting a number of site visits to training facilities that submitted requests for consideration as hosts for National Center and/or FLETC training. Some of these locations are in Idaho, Louisiana, California, and Maryland. National Center staff evaluates each facility based upon accreditation standards, geographic location, demographic considerations, and the requirements to host a program.

Question. The Federal Law Enforcement Training Center is responsible for management oversight of the International Law Enforcement Academy in Gabarone, Botswana, and will be responsible for another facility to be located in San Jose, Costa Rica. How do these facilities further FLETC's training mission?

Answer. In the Department of Treasury's Strategic Plan for fiscal year 2000-fiscal year 2005, one of the objectives was to enhance basic, advanced, and in-service training programs to meet the changing needs and increasing demands of all law enforcement agencies.

Following the attacks of September 11th, and in a world where there is increasing globalization of crime, U.S. law enforcement at all levels need to interact with foreign law enforcement organizations.

For over 30 years, the Federal Law Enforcement Training Center (FLETC) has fulfilled its mandate to provide high quality, cost effective law enforcement training utilizing modern facilities, state of the art equipment and modern teaching methodologies and techniques.

As the nation's leading organization for interagency law enforcement training, FLETC has become the expert in the development and management of training facilities, training needs assessment, course and curriculum development, instructor training, certification, program accreditation, testing, and evaluation.

With facility management and academic responsibility for multiple locations in the United States, which trains a diversity of Federal, State, local and international students, FLETC offers a wealth of technical experience in the management of International Law Enforcement Agencies (ILEA). The ILEAs offer core programs focused on leadership, terrorism, white collar crime, drug enforcement, financial crimes, ethics, rule of law, police procedures, and the investigative process. All ILEA locations-Botswana, Budapest, Bangkok, and Roswell, NM-are under the Department of State's appropriation. The FBI, DEA and FLETC have leadership roles in administering these sites. Costa Rica's consideration as an ILEA site is still under review, so FLETC has not taken on the day-to-day operational oversight.

QUESTIONS SUBMITTED BY SENATOR PETE V. DOMENICI

Question. Congress created the Federal Law Enforcement Training Center (FLETC) to be the consolidated training center for almost all law enforcement agencies. As the law enforcement training arm of the Department of Homeland Security (DHS) it seems logical that FLETC should develop and conduct standardized training for all Homeland Security law enforcement and inspection personnel.

Such a training approach would ensure that all law enforcement personnel receive appropriate and consistent instruction. This is particularly important as you retrain and cross-train border agencies which have been merged under DHS (e.g. Customs, Immigration, and Agriculture Inspectors).

Congress specifically created the Federal Law Enforcement Training Facility in Artesia, New Mexico to handle the advanced and special training of almost all Federal law enforcement personnel.

In the past, Federal agencies have chosen not to use FLETC facilities for training and instead have contracted with non-federal institutions. Over the past few years, Congress has provided over $30 million for the FLETC Artesia facility, alone.

When the need for Federal Air Marshal training arose after September 11, FLETC-Artesia answered the call to duty by developing and providing this training in a remarkably short period of time. By way of example, FLETC-Artesia brought in three 727 airplanes for use in training to go along with the 18 firing ranges and 3 shoot-houses.

FLETC-Artesia boasts 683 beds, state-of-the-art classrooms, and a brand new cafeteria to accommodate approximately 700 students a day.

FLETC-Artesia's close proximity to the Southwestern border, recently constructed facilities and optimal training conditions certainly suggest the center should be highly utilized by DHS. How do you intend to provide training for the newly hired DHS personnel as continued training for existing DHS personnel in light of the new security challenges facing our country?

Answer. As we enter a new era in law enforcement operations in the United States, FLETC is a good example of the new government approach intended by the legislation creating the DHS: a means to harmonize the work of many law enforcement agencies through common training, while at the same time maintaining quality and cost efficiency. In fiscal year 2003, 65 percent of FLETC's projected training workload will come from nine law enforcement agencies transferred to the new Homeland Security department. In fiscal year 2004, this workload will continue to be above 73 percent of our estimated total Federal training workload.

Under the leadership of Secretary Ridge and Under Secretary Hutchinson, FLETC intends to work closely with all segments of DHS. Placing FLETC within the DHS will help to support the "unity of command" and the coordination and efficiency themes sought in the public law that created DHS. FLETC has a long history of service to many of the DHS components—the U.S. Secret Service, the former Customs and Immigration and Naturalization Services including the U.S. Border Patrol (USBP), the Federal Protective Service and more recently, the Transportation Security Administration (TSA).

With the start-up of the Bureaus of Customs and Border Protection and Immigration and Customs Enforcement, FLETC is ready to help facilitate, develop, and implement new training and cross training programs. We recognize that much of this effort and expertise will necessarily come from the agencies involved, but there likely will be significant adjustments made over time to all DHS-related training programs, basic and advanced. Already, an effort is underway to systematically review existing training for these new entities and to address whatever capabilities are needed to meld the duties of the participants. In the meantime, training will continue unabated to achieve all of the hiring expectations of our agencies.

Question. How do you intend to use FLETC facilities for training DHS employees?

Answer. The national "war on terrorism" precipitated by the events of September 11, 2001 placed new and increased demands on the nation's Federal law enforcement agencies. Officers and agents immediately began to work extended hours and many have been reassigned geographically and/or to expanded duties. Nearly all Federal law enforcement agencies made plans to increase their cadre of qualified officers and agents, and submitted urgent requests to the FLETC for basic law enforcement training far in excess of the FLETC's normal capacity. These requests were for increased numbers of graduates and for their speedy deployment to buttress the hard-pressed Federal law enforcement effort.

The events of September 11 also increased the need for certain advanced law enforcement training conducted at the FLETC, especially classes associated with such issues as counter-terrorism, weapons of mass destruction, money laundering, etc. Likewise, the need for instructor training classes increased, to strengthen the cadre of instructors qualified to handle the training surge—at the FLETC and within the agencies.

In addressing the unprecedented increase in training requirements, FLETC has conducted capability analyses to determine the set of actions most likely to result in optimum throughput of students at each of its training sites without compromising the quality of training. With the consultation and concurrence of its partner organizations (POs), FLETC leadership directed that training be conducted on a 6-day training schedule, thus generating a 20 percent increase in throughput capability. More importantly, the 6-day training schedule drives a corresponding compression of the length of each training program, effectively delivering each class of new law enforcement officers to their agencies weeks sooner than under the conventional training schedule. Should the 6-day training schedule be insufficient to meet the demand, an extended work day will be considered.

In addition to the 6-day training schedule, FLETC has expanded its staff with a supplemental cadre of re-employed annuitants (primarily retired Federal law enforcement officers) who are contributing their skills and experience as instructors to help sustain the surge in training operations. This is a 5-year authority provided by Congress in fiscal year 2002.

Further, the Federal Law Enforcement Training Center has been tasked by BTS with establishing a Training Academy Committee to identify and assess the training capabilities of all of the BTS training academies. This study will be the basis for determining the schedule and priority for training elements of DHS in a coordinated manner.

Question. How should DHS use FLETC Artesia's facilities and specialized training capabilities?

Answer. FLETC intends to utilize its Artesia facility to its maximum potential. At the request of the Under Secretary, Border and Transportation Security (BTS) Directorate, Department of Homeland Security (DHS), the Federal Law Enforcement Training Center has been tasked with establishing a Training Academy Com-

mittee to identify and assess the training capabilities of all of the BTS training academies. The Committee will use a two phased methodology to identify the training assets and to develop a plan for operating the facilities employed by each of the Directorate's bureaus, and will also include the Coast Guard, Secret Service, and the Bureau of Citizenship and Immigration Services. The operational plan will provide the framework for coordinating academy training in all BTS bureaus. The Committee will develop and submit a report at the conclusion of each phase according to the timelines established by its charter. Once the Committee has identified all of the BTS training capabilities, FLETC can develop a more definitive utilization plan of facility usage at Artesia and all other sites.

QUESTIONS SUBMITTED BY SENATOR ROBERT C. BYRD

TRAINING CURRICULA

Question. Have provisions been formulated regarding possible curriculum changes due to the merger of departments and the eventual cross training of agency personnel?

Answer. FLETC is currently working with the newly formed Department of Homeland Security (DHS) law enforcement organizations to modify, design, and develop appropriate training curricula to ensure their specific mission requirements are met, to include the cross-training of agency personnel.

FEDERAL AIR MARSHALS TRAINING LOCATION

Question. Does FLETC, in conjunction with TSA, plan to consolidate training of Federal Air Marshals at one location (Artesia) as opposed to the expense of training in Atlantic City?

Answer. The Transportation Security Administration (TSA) has recently requested the FLETC conduct 3 weeks of their 4-week agency specific basic training program, which is firearms and physical training intensive, at our Artesia facility. It is our understanding that TSA will continue to conduct the final week of their agency specific training, which involves primarily tactics, at their Atlantic City facility.

MASTER PLAN CONSTRUCTION

Question. When do you contemplate delivering to Congress the revised construction master plan? Does the plan include construction requirements at the FLETC-used facilities in Charleston, SC?

Answer. The completed FLETC Master Plan project is expected this summer. FLETC has not included construction requirements of the Charleston, SC training facility in its master plan, nor has it estimated the cost of transforming the Charleston campus into a full-fledged, permanent facility. No cost estimates have been developed or reviewed by the Department of Homeland Security to date. A study group has been formed to examine the planning and decision making process on training program implementation for all of the new components in DHS. Once the study group formed by the Under Secretary for Border Transportation Security has completed its work and decisions made on the content, length and type of training needed by the agencies brought under the DHS legislation, a determination will be made on the future of the Charleston site.

LACK OF CONSTRUCTION FUNDING IN FISCAL YEAR 2004

Question. What will be the impact on training from the lack of any construction funding in fiscal year 2004?

Answer. Facility procurement, design and construction normally require 18 months to 2 years to complete. Any training facilities that cannot be appropriated and completed during this period will require the use of alternative approaches to training, including distance learning and use of available Federal, State and local training sites.

RURAL LAW ENFORCEMENT TRAINING

Question. How much is in the base budget for the on-going rural law enforcement training program at Minot State University?

Answer. The fiscal year 2004 base budget does not provide for any on-going rural law enforcement training programs at Minot State University. The fiscal year 2003 enacted appropriation included $3.3 million to support these programs. This funding is not continued in the fiscal year 2004 President's request.

PLANNED USAGE OF THE CHELTENHAM FACILITY

Question. What agencies have already made plans, and coordinated with FLETC, to use the facilities in Cheltenham, MD?

Answer. The Cheltenham facility is currently utilized by seven of its 62 partner organizations. The primary users of the Cheltenham facility are the U.S. Capitol Police, U.S. Park Police, the Washington, D.C. Metropolitan Police Department, the Prince George's County Police, Sheriffs, Fire/EMS Departments, and Pentagon Police. The U.S. Capitol Police conducts their basic follow-on, agency specific and advanced in-service training at Cheltenham on a daily basis. These agencies utilize the existing 13 building Cheltenham tactical village for in-service agency specific tactical team training, as well as the classroom and conference center for in-service chem-bio, emergency medicine, and WMD training sessions on a weekly basis. Other groups, such as the Federal Law Enforcement Training Accreditation Group and FLETC Distance Learning program, have utilized classroom space in the Cheltenham conference center for day and week long seminars. Also, the Prince George's County Fire and EMS Training Academy utilize vacant FLETC buildings for recruit firefighter training on a regular basis.

To date, 62 separate Federal law enforcement agencies in the metropolitan Washington, D.C. area, including the D.C. Metropolitan Police Department, have expressed their intention to use the indoor firing ranges and driver training range for requalification training.

Cheltenham will be used by State and local law enforcement agencies. In fact, the Metropolitan Police Department of Washington, D.C., Maryland State Police, Prince George's County Police and Sheriffs Department are currently utilizing Cheltenham facilities on a weekly and monthly basis. However, with the exception of the D.C. Metropolitan Police Department, which was specifically identified in the legislation that created Cheltenham, Federal agencies will be given scheduling priority.

CONCLUSION OF HEARINGS

Senator COCHRAN. Until our next hearing, this subcommittee will stand in recess.

[Whereupon, at 12:20 p.m., Tuesday, May 13, the hearings were concluded, and the subcommittee was recessed, to reconvene subject to the call of the Chair.]

DEPARTMENT OF HOMELAND SECURITY APPROPRIATIONS FOR FISCAL YEAR 2004

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

NONDEPARTMENTAL WITNESSES

[The following testimonies were received by the Subcommittee on Homeland Security for inclusion in the record. The submitted materials relate to the fiscal year 2004 budget request for programs within the subcommittee's jurisdiction.]

PREPARED STATEMENT OF THE AMERICAN PUBLIC TRANSPORTATION ASSOCIATION

Mr. Chairman, thank you for this opportunity to submit written testimony on the security and safety needs of public transportation systems. We appreciate the subcommittee's interest in transportation security, and we look forward to working with the subcommittee as it develops the fiscal year 2004 appropriations bill for the Department of Homeland Security.

ABOUT APTA

The American Public Transportation Association (APTA) is a nonprofit international association of over 1,500 public and private member organizations including transit systems and commuter rail operators; planning, design, construction, and finance firms; product and service providers; academic institutions; transit associations and State departments of transportation. APTA members serve the public interest by providing safe, efficient, and economical transit services and products. Over 90 percent of persons using public transportation in the United States and Canada are served by APTA member systems.

PUBLIC TRANSPORTATION AND SECURITY

Mr. Chairman, we do not need to emphasize the critical importance of keeping our Nation's surface transportation infrastructure secure in this time of heightened national security. In that connection, APTA is honored to play a critical role in public transportation security. We work closely with a number of Administration security agencies, and administer an industry audit program that oversees a system safety and security management plan for transit systems around the country. Our safety audit program for commuter rail, bus, and rail transit operations has been in place for many years, and contains security planning and emergency preparedness elements. Separately, in connection with Presidential Decision Directive Number 63, we are pleased to have been designated a Public Transportation Sector Coordinator by the Department of Transportation, and as my testimony notes below, we are establishing a Transit Information Sharing Analysis Center that provides a secure two-way reporting and analysis structure for the transmission of critical alerts and advisories to transit agencies around the country.

Since the events of 9/11, State and local public transit agencies, like all State and local entities, have spent significant sums on police overtime, enhanced planning and training exercises, and capital improvements related to security. In response to an APTA survey, transit agencies around the country have identified some $6 billion in transit security needs. These include both one-time capital investments and recurring operating expenses related to security. It is important to note that these costs are above and beyond the capital infrastructure needs we have identified under the TEA 21 reauthorization effort. Mr. Chairman, my testimony summarizes

these security needs in greater detail below in the "Security Investment Needs" section.

We also note that Congress just concluded the conference agreement on the fiscal year 2003 supplemental appropriations bill (H.R. 1559) that funds a number of homeland security programs, including some $2.2 billion for formula and discretionary grants to enhance the capability of State and local jurisdictions to prepare and respond to terrorist attacks. This measure includes funding for overtime expenses related to increased security by State and local entities. Transit agencies, as local public bodies, are expected to be eligible recipients for such funding, which will be administered by the Homeland Security Department's Office of Domestic Preparedness.

BACKGROUND

Mr. Chairman, prior to and following September 11, 2001—the date of the most devastating terrorist attack in United States history—APTA has been heavily involved in addressing the safety and security issues of our country. American public transportation agencies have also taken significant measures to enhance their security and emergency preparedness efforts to adjust to society's new state of concern. Although agencies were largely secure at the time of the World Trade Center and Pentagon attacks and already had emergency response plans in place, the September 11 incidents energized and prioritized security efforts throughout the industry.

Transit agencies have had a good safety record and have been working for many years to enhance their system security and employee security training, partly responding to government standards, APTA guidelines, and attacks on transit agencies abroad. For example, the 1995 sarin gas attack in the Tokyo subway system caused United States transit properties managing tunnels and underground transit stations to go on high alert. The San Francisco Bay Area Rapid Transit District, for instance, responded to the possible threat of chemical weapons attacks by sending a police team to Fort McClellan, Alabama, in 1996 to learn response tactics from United States Army chemical weapons experts.

In the months following September 11, transit agencies of all sizes worked to identify where they might be vulnerable to attacks and increased their security expenses for both operations and capital costs. The agencies subsequently upgraded and strengthened their emergency response and security plans and procedures, taking steps to protect transit infrastructure and patrons and increase transit security presence while giving riders a sense of security.

Transit industry services are, by design and necessity, an open infrastructure. Over 9 billion transit trips are taken annually on all modes of transit service. This is more than sixteen times the level on domestic air travel trips and emphasizes the challenges for enhancing security within our transit environments.

After September 11, many transit organizations worked to prevent unauthorized entry into transit facilities. The need for employees and passengers to stay alert and report suspicious occurrences became a key goal of many agencies. These efforts are paying off. Many transit agencies report being more secure than prior to September 11, but suggest that many improvements are still in the planning stages.

Since the attacks, APTA and the Federal Transit Administration have emphasized the need for effective transit security and emergency preparedness. FTA has sent security resources toolkits to transit agencies; completed security-vulnerability assessments of the nation's largest transit systems; and provided technical support and grants of up to $50,000 to fund agency emergency drills.

FTA continues to provide emergency preparedness and security forums nationwide. In emphasizing the importance of enhancing transit security, FTA Administrator Jennifer L. Dorn noted that thousands of lives were spared on September 11 in New York City and Washington "because of the quick action of first responders and transit workers."

APTA has launched many additional efforts to further transit industry security and preparedness, collaborating with FTA in developing emergency preparedness forums, and sponsoring and organizing security-related conferences and workshops. Moreover, APTA developed a list of critical safety and security needs faced by the transit industry, which it has provided to the Department of Transportation and the United States Congress.

PUBLIC TRANSPORTATION INFORMATION SHARING ANALYSIS CENTER (ISAC)

Presidential Decision Directive #63 authorizes and encourages national critical infrastructures to develop and maintain ISACs as a means of strengthening security and protection against cyber and operations attacks. APTA is pleased to have been

designated a public transportation Sector Coordinator by the U.S. Department of Transportation, and in that capacity has received a $1.2 million grant from the Federal Transit Administration to establish a transit ISAC. APTA recently formalized an agreement with a private company to implement the ISAC and make it available to public transit systems around the country.

This ISAC for public transit provides a secure two-way reporting and analysis structure for the transmission of critical alerts and advisories as well as the collection, analysis and dissemination of security information from transit agencies. The public transit ISAC also provides a critical linkage between the transit industry, the U.S. Department of Transportation, the Transportation Security Administration, and the Office of Homeland Security.

ONGOING TRANSIT SECURITY PROGRAMS

Mr. Chairman, while transit agencies have moved to a heightened level of security alert, the leadership of APTA has been actively working with its strategic partners to develop a practical plan to address our industry's security and emergency preparedness needs. Shortly after the September 11 events, the APTA Executive Committee established a Security Task Force under the leadership of Washington Metro's CEO, Richard A. White. The APTA Security Task Force has established a security strategic plan that prioritizes direction for our initiatives. Among those initiatives, the Task Force serves as the steering group for determining security projects that are being implemented through over $2 million in Transit Cooperative Research funding through the Transportation Research Board.

Through this funding, four transit security workshop forums were held for the larger transit systems with potentially greater risk exposure. These workshops were held in confidential settings to enable sharing of security practices and applying methodologies to various scenarios. The outcomes from these workshops were made available in a controlled and confidential format to other transit agencies unable to attend the workshops. The workshops were held in New York, San Francisco, Atlanta, and Chicago.

In partnerships with the Transportation Research Board, the APTA Security Task Force has also established two TCRP Panels that identified and initiated specific projects developed to address Preparedness/Detection/Response to Incidents and Prevention and Mitigation. The Security Task Force emphasized the importance for the research projects to be operationally practical.

In addition to the TCRP funded efforts, a generic Checklist For Transit Agency Review Of Emergency Response Planning And System Review has been developed by APTA as a resource tool and is available on the APTA web-site. Also through the direction of the Security Task Force, APTA has reached out to other organizations and international transportation associations to formally engage in sharing information on our respective security programs and directions and to continually work towards raising the bar of safety and security effectiveness.

Within this concept of partnership and outreach, APTA also continues in its ongoing collaboration with the Federal Transit Administration to help in guiding and developing FTA programs. Among these are regional Emergency Preparedness and Security Planning Workshops that are currently being delivered through the Volpe Center and have been provided in numerous regions throughout the United States. The primary focus of such workshops has been to assist particularly smaller transit systems in building effective emergency response plans with first responders and their regional offices of emergency management. Also within this partnership, APTA has assisted the FTA and the National Transit Institute in the design of a new program "Security Awareness Training for Frontline Employees and Supervisors." This program is now being provided by NTI to transit agencies throughout the nation.

Collaborative efforts between APTA, FTA, Volpe Center, and the National Transit Institute are also underway to establish a joint web-site that will specifically gather and disseminate effective transit practices with initial emphasis on safety and security.

As you may be aware, APTA has long-established Safety Audit Programs for Commuter Rail, Bus, and Rail Transit Operations. Within the scope of these programs are specific elements pertaining to Emergency Response Planning and Training as well as Security Planning. In keeping with our industry's increased emphasis on these areas, the APTA Safety Audit Programs have similarly been modified to place added attention to these critical elements.

APTA's Committee on Public Safety, chaired by Paul Lennon, Managing Director-Intelligence and Counterterrorism, Los Angeles County, Metropolitan Transportation Authority, will continue to provide a most critical forum for transit security

professionals to meet and share information, experiences and programs and to also provide valuable input to programs being developed by the FTA.

SECURITY INVESTMENT NEEDS

Mr. Chairman, APTA has conducted a nationwide survey of its transit system membership that sought information about the level of need for security and safety investments for the specific transit property. The survey was not intended to be an inclusive list of all needed security and safety projects. On the basis of the survey, APTA has identified areas of investment needs related to transit security. The areas and needs are—

For personnel, $500 million for ongoing cost of staffing for increased security planning, surveillance, patrols, and response to alert notifications.

For training, ongoing costs of $50 million for the development and delivery of internal security programs; participation in established security programs external to transit agencies; internal and inter-agency emergency preparedness drills; and for national and regional security workshops/symposiums through government, industry and partnered initiatives.

For a one-time cost of technical support, $100 million for security and emergency preparedness plan development/refinement; comprehensive security needs assessments; and infrastructure security plan development.

For a one time cost infrastructure and rolling stock security, $5.1 billion for communications, surveillance, detection systems and equipment for enhancing security of rolling-stock, stations, facilities, rights-of-way, bridges tunnels, electronic and other systems.

For emergency response support equipment, $100 million for personal protective and detection equipment for personnel; support vehicles and equipment for emergency response and recovery.

In support of national defense, a one-time cost of $50 million for development/refinement of evacuation plans; and mobilization of public transit systems for evacuation needs.

For aid for extraordinary expenditures not including New York City, or Washington, D.C., a one-time cost of $50 million for aid for extraordinary expenditures for transit agencies that have incurred significant expenses to date for costs associated with security and recovery initiatives that are in need of cost relief.

For research and development, ongoing costs of $50 million for research and development of systems that will enhance detection of security; and for threats in mass transit environments.

In sum, transit industry security investment needs result in capital and operational investment needs of some $6 billion.

We respectfully ask that as the Subcommittee takes up the fiscal year 2004 Homeland Security Appropriations bill it consider these critical needs for Federal investment in transit security. It is important to note that after September 11, 2001, the necessity has become apparent to appropriately fund a new state of heightened security to combat against potential threats to our nation's public transportation system. As noted earlier, these security needs are distinct from the infrastructure needs we have identified in connection with the TEA 21 reauthorization.

CONCLUSION

Mr. Chairman, these are just some of the issues and Federal investments that we believe can be made to improve safety and security of transit services. We again thank you and the Subcommittee for your commitment to investing in the nation's transportation infrastructure and look forward to working with you on safety and security issues.

PREPARED STATEMENT OF THE ASSOCIATION OF STATE DAM SAFETY OFFICIALS

The Association of State Dam Safety Officials (ASDSO) is pleased to offer testimony on the President's proposed fiscal year 2004 budget for the Department of Homeland Security.

The Association of State Dam Safety Officials is a national organization of more than 2,200 State, Federal and local dam safety professionals and private sector individuals dedicated to improving dam safety through research, education and technology transfer. ASDSO also represents the 50 State dam safety programs, as the State dam safety officials are the governing body of the Association. Our goal is simple to save lives, prevent property damage and to maintain the many benefits of dams by preventing dam failures.

During the 1970's this country suffered devastating dam failures that caused tragic loss of life and enormous property damage; and focused national attention on the catastrophic consequences of dam failures. Those failures serve as a constant reminder that dams must always be properly constructed, properly designed and properly operated and maintained to provide the benefits and prevent failures.

Today our focus in not only on the safety of dams related to maintenance issues but on security as the Nation faces a significant challenge to protect our infrastructure from terrorist attacks. Dams are a major concern and focus of national planning within the Department of Homeland Security.

National Dam Safety Program

The National Dam Safety Program Act of 1996 (Public Law 104–303) created the first national program that focuses on improving the safety of the nation's dams. The Program was recently reauthorized by the Dam Safety and Security Act of 2002 (Public Law 107–310). This small, yet critical program provides much needed assistance to the State dam safety programs in the form of grant assistance, training and research; and through facilitating the exchange of technical information between Federal dam safety partners and the States. The program provides $6 million in grant assistance to States based on the relative number of dams in each State. The grants may be utilized to best suit the individual State's needs. In addition, the National Dam Safety Program provides $500,000 each year to be used for training of State dam safety engineers and $1.5 million annually for research. These research funds are used to identify more effective methods of evaluating the safety of dams and more efficient techniques to repair dams. And now, these research funds go toward developing better methods to assess and improve the security of dams.

There are over 79,000 dams in the United States, but the responsibility of assuring their safety falls on the shoulders of the States, as they regulate 95 percent of the country's dams. Because of limited staff and limited funding, most states are overwhelmed by that challenge. Table 1 attached to this testimony provides state-by-state data on the number of dams, the number of staff, the state budget and the number of dams that are considered "unsafe." Unsafe means that they have identified deficiencies that make the dam more susceptible to failure, which may be triggered by a large storm event, an earthquake or simply through inadequate maintenance. Currently states have identified 2,332 dams as being unsafe. There are over 10,000 dams classified as "high hazard" meaning that the consequences of the dam's failure will likely include loss of human life and significant downstream property damage.

Every member of this Subcommittee has high hazard dams in their home state. There are 757 high hazard dams in Pennsylvania, 277 high hazard dams in Mississippi and 245 dams in West Virginia whose failure will likely cause loss of life. According to the National Inventory of Dams more than 25 percent of the high hazard potential dams have not been inspected in the last 10 years. High hazard potential dams should be inspected every year. Many states do not regulate all of their dams. In Missouri, for example, there are 4,000 dams on the National Inventory, however, Missouri only regulates 638 dams.

The task for state dam safety programs is staggering; in Mississippi there are over 3,300 dams yet there are only two engineers assigned to the state's dam safety program. Iowa has less than one staff person in their dam safety program to oversee 3,233 dams.

The American Society of Civil Engineers' 2001 Report Card for America's Infrastructure gave a grade of "D" to dams. The dams across the United States are aging and showing signs of the lack of routine maintenance. 25 percent of the nation's dams are over 50 years old, and by 2020 85 percent of the dams will be 50 years or older.

Downstream development within the dam failure flood zone places more people at risk. When homes are built in the dam failure flood zone below a low hazard dam, (low hazard: failure is not expected to cause loss of life or significant property damage) the dam no longer meets dam safety criteria as the consequences of a failure determine the hazard class and the minimum safety standards.

In summary, adequate support for dam safety regulatory programs is lacking in many states. Insufficient regulatory authority, inadequate enforcement and staffing shortages combine to increase the probability of a tragic dam failure.

Federal Leadership Role

There is a clear need for continued Federal leadership to provide assistance in support of dam safety. This country suffered several large and tragic dam failures in the 1970s that focused attention on dams and prompted Congress to pass national dam safety legislation. In 1972, the Buffalo Creek Dam in West Virginia

failed and killed 125 individuals. That failure also left 3,000 people homeless. In 1976, the Federally owned Teton Dam failure killed 14 people and cost $1 billion in downstream damages and cleanup costs.

The Kelly Barnes Dam in Toccao Falls, Georgia failed in 1977 killing 39 Bible college students. That same year, 40 people died from the failure of the Laurel Run Dam in Pennsylvania. The majority (58 percent) of dams in the United States are privately owned, including the 38 foot tall Meadow Pond Dam in Alton, New Hampshire which failed killing one woman and causing $8 million in damage to the downstream town in the late 1990s.

Dam failures do not respect state boundaries as a dam failure in one state may cause loss of life and property damage in an adjacent state. The Federal government funds the recover costs from the President's disaster relief fund and through the Flood Insurance Program, but the cost of one small dam failure can easily exceed the annual costs of the National Dam Safety Program. Full funding of the National Dam Safety Program is an investment in public safety that will be repaid many times over in fewer dam failures, reduced Federal expenditures for dam failure recovery costs and, most importantly, fewer lives lost.

The Association of State Dam Safety Officials respectfully requests that Subcommittee increase the President's budget proposal of $5.9 million to the full-authorized funding level of $8.6 million for the National Dam Safety Program for fiscal year 2004.

Benefits of the National Dam Safety Program

The National Dam Safety Program has been very successful in assisting the state programs through the training funds ($500,000) for training states dam safety engineers. This training has offered low cost technical courses and workshops that states could otherwise not attend. Examples include Dambreak Analysis, Concrete Rehabilitation of Dams, Slope Stability of Dams, Earthquake Analysis, Emergency Action Planning and many others including recent training in Dam Site Security. Training courses are also offered through FEMA's training facility at their Emergency Management Institute in Maryland where state dam safety inspectors receive training at no cost to the states.

The Research funds have been used to identify future research needs such as inspections using ground penetrating radar or thermal tomography. In addition, these funds have been used to create a national library and database of dam failures and dam statistics in the National Performance of Dams Program at Stanford University as well as a national clearinghouse and library of dam safety bibliographic data at ASDSO.

The Research funds will continue to provide technical assistance to the dam safety community and, now will be essential in identifying techniques and methods of assessing dam security as well as practical means to improve the security at critical dams. Dam site security is now an urgent area of concern for state dam safety officials both in training needs and in research to better understand and respond to potential threats to dams.

The most valuable benefit to the state programs comes from the State Grant Assistance Program. The grants are based on the number of dams in each of the participating states and are used as an incentive to encourage states to improve their program by meeting basic criteria such as:

—Statutory authority within the state to conduct inspections of dams.

—Authority to require repairs to unsafe dams.

—Authority to regulate all dams that meet the national dam definition.

Use of these grants is left up to the states' discretion as each state has its own unique challenges. States have utilized grant funds to perform dam failure and dam stability analyses; hire additional staff to conduct inspections and to conduct owner education workshops. In addition, grant funds have enabled states to provide additional staff training, to purchase equipment such as computers, field survey equipment and software; and remote operated cameras for internal inspections.

Mississippi received nearly $600,000 over fiscal year 1998 through fiscal year 2002 in grant assistance funds. Mississippi's dam safety program hosted dam safety workshops for engineers and dam owners. The grant assistance also enabled Mississippi to hire additional part time dam inspectors and to purchase needed field equipment.

West Virginia, with their total $145,000 grant, was able to repair large capacity pumps, owned by the State, which are now strategically located and can be used in emergencies. West Virginia also used with their grant funds to update their dams inventory database and they will be seeking to hire summer interns to assist with emergency action plans.

Iowa, which received $423,000 from fiscal year 1998 to fiscal year 2002, has hired four part time dam inspectors and has conducted 75 dam inspections in fiscal year 2002.

In Pennsylvania, the $279,000 dam safety assistance grants have been used to purchase remote operated inspections cameras and global positioning equipment to improve their inspections. They have also used the funding to produce and distribute public awareness videos and Emergency Action Plan guidelines. Pennsylvania has hired an additional engineer to support the National Dam Safety Program efforts in Pennsylvania.

Kentucky has received over $250,000 from fiscal year 1998 through fiscal year 2002 and has used these funds to purchase computer equipment and software for its dam inventory database and to provide specialized training for engineers in hydraulic evaluations of dams. Futures uses include training workshops for dam owners and the public.

The grant assistance program has been very successful. The number of dam inspections has increased, the number of Emergency Action Plans, used for evacuation in the event of a dam failure, have increased; and states have better technical equipment to conduct inspections and perform safety analyses and dam failure modeling.

Table 2 attached to this testimony provides information on the amount of state grant assistance received for each state over the 5-year program.

Dam Security of non-Federal Dams

The horrific events of September 11, 2001 have focused unprecedented attention on the security of our nation's critical infrastructure, including dams. Dams, in fact, have been identified by intelligence and law enforcement agencies in specific threat alerts. Federal agencies that own dams, such as the U.S. Army Corps of Engineers and the Bureau of Reclamation, have been conducting vulnerability assessments and security improvements on these Federally owned dams. While the Association certainly supports this necessary effort, little has been provided by the Federal Government in leadership or assistance to the states who have similar and equally urgent dam security demands.

Security experts advise that it is very difficult to make a site completely safe from intentional acts of terror. They offer that their goal is to enhance security and effectively deter a potential attack at their site so that the terrorist will seek another site with less security. The improved security at Federally-owned dams makes non-Federal dams more attractive targets. There are clearly thousands of non-Federal dams that are potential targets based on type of construction, size, purpose (water supply, hydro power, flood control); and on the population and infrastructure at risk below the dam. Federal leadership is urgently needed to provide technical and financial assistance to states for training, for conducting vulnerability assessments and for identifying and implementing security improvements on dams determined to have an inadequate security program.

The Association of State Dam Safety Officials respectfully requests that this Subcommittee appropriate $15 million in fiscal year 2004 for assistance to state dam safety programs to address security at critical non-Federal dams, which are regulated, by the states.

Conclusion

Dams are a vital part of our aging national infrastructure that provide many vital benefits, but that also pose a threat to life and property if they are unsafe. The National Dam Safety Program is a valuable program that offers assistance to states as an investment in public safety. We urge you to recognize its benefits and support full funding to continue the progress we have made.

In addition, we strongly urge this Subcommittee to recognize that large non-Federal dams are also potential targets of terrorist attacks; and that people and critical infrastructure below these dams are also at risk. States need the leadership and support of Congress and the Administration to provide the necessary level of security at all critical dams.

Thank you Mr. Chairman and Members of the Subcommittee for this opportunity offer this testimony. The Association looks forward to working with you and the Subcommittee staff on this important issue of safe dams.

TABLE 1.—STATE-BY-STATE STATISTICS ON DAM AND STATE SAFETY REGULATION—2003

State	Total Dams in National Inventory [1]	Total Dams Under State Regulation [2]	High-Hazard Potential State Dams [3]	State-Determined Deficient Dams [4]	State Dam Safety Budget (× thousand)	No. State Staff Dedicated to Dam Safety Regulation	No. State Regulated Dams Per FTE Staff (to nearest whole no.)
Alabama [5]	1,570	1,704	184	150	$0	0	>1,704
Alaska	112	81	16	([6])	98	1	81
Arizona	335	261	87	59	564	6	44
Arkansas	1,290	427	98	25	264	4.2	102
California	523	1,213	335	0	7,900	65	18
Colorado	1,733	1,883	317	191	1,440	12	157
Connecticut	707	2,000	236	12	472	4.3	465
Delaware [5]	73	98	9	([6])	([6])	([6])	([6])
Florida	778	778	100	8	5,000	38	20
Georgia	4,977	3,412	399	105	682	10	341
Hawaii	129	129	56	0	135	2	65
Idaho	360	439	106	([6])	350	7.5	59
Illinois	1,226	1,311	173	20	345	5.5	238
Indiana	1,472	1,129	238	([6])	340	5	226
Iowa	3,233	3,311	73	([6])	55	.75	4,415
Kansas	5,859	5,821	192	34	250	5.1	1,141
Kentucky	1,022	991	214	0	1,517	14	71
Louisiana	391	304	12	11	261	5	61
Maine	845	841	26	68	46	1	841
Maryland	299	407	63	6	415	5	80
Massachusetts	1,528	2,917	333	40	500	4	729
Michigan	873	1,156	83	([6])	400	4.5	257
Minnesota	932	852	40	([6])	237	2.2	387
Mississippi	3,303	3,550	277	53	268	2	1,775
Missouri	4,096	638	445	16	288	6	106
Montana	3,522	2,871	97	7	170	5	574
Nebraska	2,155	2,155	107	10	284	5.2	414
Nevada	323	592	123	24	130	2	296
New Hampshire	613	3,281	85	0	612	7	469
New Jersey	777	1,651	194	48	950	16	103
New Mexico	525	382	156	([6])	469	5.5	69
New York	1,891	5,021	380	54 +	746	6.32	795
North Carolina	2,939	4,241	988	53	902	14	303
North Dakota	772	1,779	27	3 +	200	4.5	395

Ohio	1,727	2,709	471	450	1,100	11.5	235
Oklahoma	4,507	4,348	145	6	185	1.8	2,415
Oregon	833	3,733	122	0	255	3.1	1,204
Pennsylvania	1,412	3,025	757	49	1,698	22.5	134
Puerto Rico	36	36	33	2	466	8	5
Rhode Island	185	528	16	98	78	1.1	528
South Carolina	2,263	2,304	153	3	([6])	4.5	512
South Dakota	2,469	2,328	47	3	([6])	2.5	931
Tennessee	1,154	643	151	33	275	7	92
Texas	6,838	8,060	851	403	300	5	1,612
Utah	676	4,083	199	84	450	7	583
Vermont	364	538	54	([6])	215	2.2	245
Virginia	1,603+	1,300+	150+	50+	400	6	217
Washington	653	903	128	31	550	6.5	139
West Virginia [5]	537	350	245	40	335	6	59
Wisconsin	1,291	3,402	192	([6])	486	6.5	523
Wyoming	1,270	1,374	66	3	131	3.4	404
TOTAL	79,001	97,290	10,049	2,252	33,214.00	380.17	26,639 (522 av.)

[1] Includes dams of any size that are likely to pose a significant threat to human life or property in case of failure, and all other Federal and non-Federal dams > 25′ high that impound > 15 acre-feet; and dams > 6′ high that impound > 50 acre-feet.
[2] Estimated number of all dams under state regulatory control.
[3] High-Hazard by state definition derived from state inventory in column 2 Individual states' definitions may differ from the Federal (National Inventory of Dams) definition. * indicates figure taken from NID and based on NID definition.
[4] Dams with identified deficiencies by state definition (varies state to state) derived from state inventory in column 2.
[5] For Alabama and Delaware, this data precedes 2001. West Virginia data is from 2001.
[6] NR Not Reporting. Some states do not keep data on these categories.

TABLE 2.—STATE GRANT AMOUNTS FOR FISCAL YEAR 1998–2002

STATE	Total State Assistance Grant (from Fiscal Year 1998-Fiscal Year 2002)	Annual State Dam Safety Budget (excludes FEMA grants)
Alabama	$0	$0
Alaska	112,324	98
Arizona	130,843	564
Arkansas	157,811	264
California	280,791	7,900
Colorado	330,607	1,440
Connecticut	202,245	472
Delaware	94,351	NR
Florida	183,005	5,000
Georgia	631,703	682
Hawaii	118,691	135
Idaho	159,357	350
Illinois	280,257	345
Indiana	229,213	340
Iowa	423,456	55
Kansas	992,576	250
Kentucky	247,527	1,517
Louisiana	144,942	261
Maine	192,198	46
Maryland	152,106	415
Massachusetts	325,251	500
Michigan	203,799	400
Minnesota	223,966	237
Mississippi	593,107	268
Missouri	189,641	288
Montana	509,441	170
Nebraska	395,736	284
Nevada	161,613	130
New Hampshire	212,013	612
New Jersey	307,762	950
New Mexico	165,560	469
New York	430,227	746
North Carolina	651,658	902
North Dakota	183,060	200
Ohio	351,921	1,100
Oklahoma	745,806	185
Oregon	259,440	255
Pennsylvania	279,410	1,698
Puerto Rico	105,329	466
Rhode Island	135,981	78
South Carolina	424,436	NR
South Dakota	396,560	NR
Tennessee	184,474	275
Texas	1,078,772	300
Utah	178,777	450
Vermont	149,160	215
Virginia	178,087	400
Washington	174,066	550
West Virginia	145,062	335
Wisconsin	239,939	486
Wyoming	292,522	131
Total	14,936,579	33,214

PREPARED STATEMENT OF THE ASSOCIATION OF STATE FLOODPLAN MANAGERS, INC.

The Association of State Floodplain Managers, Inc. (ASFPM) is pleased to share comments on four specific aspects of the fiscal year 2004 budget proposal for the Department of Homeland Security, Emergency Preparedness and Response Directorate (FEMA):

—Oppose elimination of the Hazard Mitigation Grant Program;
—Preserve the Flood Mitigation Assistance Program;
—Continue support for modernization of flood maps; and
—Financial status of the National Flood Insurance Program.

The Association of State Floodplain Managers, Inc. and its 16 state chapters represent over 5,000 State, local, and private sector officials as well as other professionals who are engaged in all aspects of floodplain management and hazard mitigation. All are concerned with reducing our Nation's flood-related losses and reducing the costs of flooding.

Oppose Elimination of the Hazard Mitigation Grant Program

ASFPM opposes the suspension or elimination of the Hazard Mitigation Grant Program (HMGP). HMGP has proven to be a very effective way to achieve mitigation. The Disaster Mitigation Act of 2000 that requires communities to have mitigation plans in order to access HMGP assures that projects will be done according to pre-disaster plans. We object to the budget's proposal to replace HMGP entirely with a nationwide competitive grant program. We believe the logic behind this proposal is not sound: it ignores the realities of why individual citizens participate in mitigation; it ignores a multitude of benefits that are difficult to quantify; it ignores the recently authorized requirement for local mitigation planning; it ignores the leveraging of state and local funds that often are made available post-disaster; it ignores the complexities of project implementation; it ignores the distinct differences between hazards; and it ignores the needs of small communities.

HMGP mobilizes financial and technical assistance in the aftermath of disasters—exactly the time when citizens and elected officials are most receptive to undertaking projects and initiatives that reduce the impacts of future disasters. The fact is that most cities, counties and towns across the country have many immediate and pressing financial needs. Regardless of the statistical evidence of the likelihood of future disaster occurrence, communities will not place mitigation higher than today's demands for education, social programs, local first responders, and the like. This is especially true in smaller communities where financial resources are always tight.

On the proverbial "sunny day" flooding is a low priority for the millions of homeowners and business owners in the Nation's flood hazard areas—regardless of the mounting evidence that future floods will occur. Homeowners view offers for buyouts, elevations, and retrofit floodproofing very differently when they are shoveling mud, coping with toxic mold, or faced with collapsed foundations. The budget proposal will have many adverse consequences, not the least of which is that people who have just experienced damage and are most receptive to change are much less likely receive mitigation assistance since post-disaster HMGP will not be allocated to their states.

ASFPM is greatly concerned about the criticism expressed by some people that a large percentage of HMGP projects do not appear to be cost effective. While shifting to a purely competitive program may mean "the most cost-beneficial projects receive funding," it will turn mitigation into a numbers game that ignores the needs of many. A single-minded focus on the projects with the highest benefit:cost ratio will severely penalize many communities that have good projects that will reduce taxpayer costs, and thus are cost-effective for the Nation.

There is an important conceptual distinction between cost-beneficial and cost-effective. The process for determining benefits and costs is less than perfect, and as currently structured it yields skewed results. Too often, projects that are more expensive to the taxpayer have higher benefit:cost ratios, even though a less costly project achieves the same objective of hazard reduction. This illustrates only one unintended consequence of relying on B:C to decide which projects get funded.

ASFPM also urges consideration of another unintended consequence of the focus on the projects with the highest benefit:cost ratio. For years, other agencies with flood control responsibilities routinely dismissed non-structural measures (such as floodplain acquisition or elevation-inplace) even though these non-structural projects can be demonstrated to be cost-effective. Such projects tended to be dismissed in favor of structural measures (levees, dams, floodwalls), in large part because such projects often have a higher benefit: cost ratio, yet ignoring the long-term operation and maintenance costs often borne by communities. However, time and time again, there has been evidence of the multiple benefits of non-structural measures. A single focus on the benefit:cost ratio will result in fewer non-structural flood mitigation projects and increased long-term costs for government, as well as residual risk associated with structural projects.

Pre-disaster funding should be directed to community-based planning in order to prepare communities to undertake mitigation projects when the disaster strikes. It

would also be reasonable to make pre-disaster mitigation funds available to support public works projects that address potential damage to state and community buildings and public infrastructure—among the more costly categories of public disaster assistance.

ASFPM urges the Subcommittee to retain the Hazard Mitigation Grant Program and restore its funding level to 15 percent of certain Federal disaster expenditures.—The Disaster Mitigation Assistance Act of 2000 calls for communities to have pre-disaster local mitigation plans in order to access HMGP. One result of this requirement is that communities will be better prepared to identify eligible activities after the next declared disaster, thus further shortening the time needed to obligate and expend the HMGP funds.

ASFPM strongly recommends that the Subcommittee focus the pre-disaster mitigation funds on support of cost-effective projects, as opposed to the most cost-beneficial projects.—This simple change will make a dramatic difference in supporting non-structural projects for floodplain management, while not detracting from projects that retrofit buildings to resist the effects of earthquakes and hurricane winds.

ASFPM recommends that the Subcommittee direct FEMA to fully investigate the implications of the nationwide pre-disaster program funded in fiscal year 2003.—Particular attention should be paid to citizen, community and state receptivity to mitigation offers and how the ability to cost share differs in the pre- and post-disaster periods. Another critical aspect to attend to is how FEMA proposes to balance between different hazards, different geographic areas, and communities of different sizes and capabilities.

Preserve the Flood Mitigation Assistance Program

The Flood Mitigation Assistance Program (FMA) authorized by the National Flood Insurance Reform Act of 1994 is funded entirely by flood insurance premium income that is paid by individual policyholders. It is not funded from general funds and therefore we are concerned with proposals to combine it with other mitigation funds, even to achieve accounting efficiencies. To ensure accountability to the policyholders and to ensure that these funds are used only for the explicit purposes authorized, the FMA funds are best kept separate. In particular, how FMA is administered must not be changed. FMA is specifically intended to support cost containment for the NFIP, in part by addressing the problem characterized as repetitive losses, but also to mitigate against severe flood damage and imminent threats due to coastal erosion.

ASFPM urges the Subcommittee to clarify that Flood Mitigation Assistance Program funds are not to be co-mingled with other pre-disaster mitigation funds.—In addition, we urge that the Subcommittee direct that FMA continue to be administered as a separate program under existing procedures.

Continue Support for Flood Map Modernization

Good flood maps play a major role in disaster cost reduction through wise floodplain management. They also serve many purposes beyond the immediate needs of the National Flood Insurance Program. FEMA estimates that local regulation of flood hazard areas, using the flood maps, avoids property losses of nearly $1 billion each year. These savings accrue to property owners, communities, and taxpayers. FEMA's estimate does not count the benefits associated with using the maps to guide development to less hazard-prone areas. Flood maps yield benefits at all levels of government, including reducing the need for Federal disaster assistance when people build elsewhere or build to minimize damage. Since 1986, most of the funding for flood maps has been taken out of the National Flood Insurance Fund, which is funded by premiums and service fees from about 4.2 million flood insurance policyholders. Those funds are inadequate to the task of modernizing the inventory of over 100,000 flood map panels.

The Flood Map Modernization effort will use current technologies to expedite cost-effective collection of mapping data, and to develop the models to identify flood-prone areas. This will yield digitized map products that will be accessible on the Internet. Digitized maps will also significantly reduce current outlays that are spent just to correct old maps in response to individual property owner concerns, thus allowing more of the base funding derived from policyholders (approximately $50 million/year) to be used more effectively.

—*ASFPM strongly endorses the Administration's request for $200 million, and urge the addition of $200 million, to continue FEMA's map modernization initiative.*—The continuance of this second year funding will ensure progress on the mufti-year effort that is now underway. The additional funding will shorten the overall timeframe and help state and communities that have had identified priorities for several years ago.

Financial Status of the National Flood Insurance Program

The Association of State Floodplain Managers believes that the National Flood Insurance Program is an exceptional example of the Federal Government working with state partners, community partners, and private sector partners. Established in 1968 in part to shift the burden of recovery to people who are at-risk (in the floodplain), the NFIP was carefully crafted by Congress to balance the need to pay insurance claims with concerns about financial impacts on homeowners and business owners who pay premiums on flood insurance policies. To that end, the NFIP establishes rates based on the "average loss year," and thus intentionally does not build up substantial reserves for years when floods occur more frequently. To pay claims in those years, the NFIP borrows from the U.S. Treasury.

ASFPM believes that criticism often heard when the NFIP goes into borrowing authority is unjustified. The Federal Insurance Administrator recently testified to the efficiency of this original Congressional mandate. Tropical Storm Allison hit the Gulf Coast in June of 2001, and continued inland to flood states across the southeast. It was the NFIP's first billion-dollar storm and prompted borrowing of $600 million. In just 16 months, those funds were repaid, with interest. The NFIP is one of the government's best creditors.

The NF1P is not supported in any other way by the United States taxpayer. A service fee charged on all policies pays for the program's administration, including: salaries and expenses of over 200 Federal employees; costs of contractors that support servicing policies and claims; a portion of flood mapping costs; the Flood Mitigation Assistance Program (described above); and grants to states to provide technical assistance to communities and property owners. Thus, only about 4.2 million citizens are paying for this program that serves the Nation as a whole. ASFPM believes this make it all the more important that the NFIP's funds be tracked separately so that accountability to the policyholder is clear.

ASFPM understands that there will be a small increase in NFIP-funded Community Assistance Program in fiscal year 2004. This program is a good return to policyholders because it provides small, cost-shared grants to the states to provide partial support of state floodplain programs. CAP is critical to implementation of the NFIP because it facilitates direct technical assistance and training available to nearly 20,000 communities and millions of property owners. The best way to limit increases in future damage is to ensure that communities are properly administering their floodplain management regulations and that developers are complying with the rules. FEMA's staff is too small to provide this vital assistance to nearly 20,000 communities, thus the partnership with states was established. ASFPM appreciates this recognition of the importance of CAP funding to continue the State-Federal partnerships.

—ASFPM supports the increase in CAP funding in order to increase the technical assistance and training the states provide as FEMA's partners.

For information about ASFPM and this testimony, contact Larry Larson, Executive Director, at (608) 274–0123, or email asfpm@floods.org.

PREPARED STATEMENT OF THE FLEET RESERVE ASSOCIATION

CERTIFICATION OF NON-RECEIPT OF FEDERAL FUNDS

Pursuant to the requirements of House Rule XI, the Fleet Reserve Association has not received any federal grant or contract during the current fiscal year or either of the two previous fiscal years.

INTRODUCTION

Thank you Mr. Chairman and other distinguished members of the Subcommittee for the opportunity to submit the Fleet Reserve Association's views on funding the fiscal year 2004 Coast Guard request. The Fleet Reserve Association (FRA) is a Congressionally Chartered, non-profit organization, representing the interests of U.S. Navy, Marine Corps, and Coast Guard personnel with regard to pay, health care, and other benefits.

Before addressing specific issues, the Association wishes to thank Congress for its tremendous support for pay and benefit improvements enacted during the 107th Congress. Across the board and targeted pay increases, higher housing allowances, reform of the PCS process and increased funding for health care are significant improvements and perceived as important recognition of the service and sacrifice of the men and women serving in the Coast Guard, and those who've served in the past.

The Association notes the significant progress toward ensuring Coast Guard parity with all pay and benefits provided to DOD services personnel in recent years and restates it commitment to this goal.

PAY AND BENEFIT PARITY

The Fleet Reserve Association appreciates and thanks the Administration and Congress for continued support for the pay and entitlements of Coast Guard personnel. These include increases in base pay, target pay raises for senior enlisted personnel and some officer grades and annual housing allowance increases. (BAH).

The fiscal year 2004 Budget supports an average military pay raise of 4.1 percent with pay levels ranging from 2 percent for E–1s to 6.25 percent for E–9s. The majority of members will receive an increase of 3.7 percent and out of pocket housing costs will be reduced from 7.5 percent to 3.5 percent in keeping with a multi-year plan to reduce the average out of pocket expense to zero by 2006.

FRA recommends full-funding of all pay and entitlements for Coast Guard personnel and seeks continuing strong support for benefit parity with the Department of Defense.

As a footnote, the Association is extremely disappointed that the Administration is proposing to cap the pay of NOAA and USPHS officers at 2 percent for fiscal year 2004. FRA strongly objects to this disparate treatment of these members of the uniformed services and urges you to intercede in their behalf with colleagues on the appropriate oversight committees to halt this plan and ensure pay comparability for these personnel.

RECRUITING AND END STRENGTH

The Coast Guard is in a period of large personnel and mission growth. The service continues to balance mission requirements against workforce strength and asset availability to ensure a safe operational tempo is maintained and missions are completed.

FRA strongly supports recently authorized increased end strengths and urges adequate funding for same in fiscal year 2004. This is especially important given the Coast Guard's broad and demanding mission requirements related to its key position in the new Department of Homeland Security. The President's budget authorizes 1,788 military and 188 civilian positions and includes six Maritime Safety and Security Teams, 53 Sea Marshalls, two Port Security Units, and new Coast Guard Stations in Boston and Washington, D.C. Also included is support for the Search and Rescue (SAR) Program and to allow the stations to meet readiness requirements with watch standers maintaining a maximum 68-hour workweek.

Recruiting, training, and deploying a workforce with the skills and experience required to carry out the Coast Guard's many missions is a formidable challenge. The overall experience level of the workforce decreased since 9/11 and during this large growth period it will require a few years to come back to that 2001 level.

Enlisted workforce retention is the best it has been since 1994 having increased by 2.1 percent since fiscal year 2000. The Coast Guard met its active duty recruiting goal in fiscal year 2002 and is on target to meet it again in fiscal year 2003. However, Reserve recruiting fell slightly short of the fiscal year 2002 goal but is on target for fiscal year 2003. The fiscal year 2004 budget recommends funds to fully train, support and sustain the Coast Guard's Selected Reserve Force as an integral part of Team Coast Guard with growth to 10,000 personnel (up from 9,000 in fiscal year 2003).

The Coast Guard training system is operating effectively at maximum level in order to process the growing number of trainees. Additional contract instructors have been hired at the training centers and temporary classrooms accommodate day and night classes to increase capacity and efficiency.

FRA supports funding all recruiting initiatives and incentives. The Coast Guard's robust recruiting system coupled with enlistment bonuses has ensured a steady flow of recruits entering the service. The Coast Guard also opened new recruiting offices to target diversity rich communities.

HEALTH CARE

FRA continues to work with Congress and DOD to ensure full funding of the Defense Health Budget to meet readiness needs and deliver services, through both the direct care and purchased care systems, for all uniformed services beneficiaries, regardless of age, status and location. The Association strongly supports TRICARE improvements recently enacted for active duty, Reserve and retired personnel and their families.

Oversight of the Defense Health Budget is essential to avoid a return to the chronic under funding of recent years that led to execution shortfalls, shortchanging of the direct care system, and reliance on annual emergency supplemental funding requests. Even though supplemental appropriations were not needed last year, FRA is concerned that the current funding level only maintains the status quo. Addressing TRICARE provider shortfalls will require additional funding.

Access to care is the number one concern challenging Coast Guard personnel assigned to duty in areas not served by military treatment facilities (MTFs). Some beneficiaries report that there are providers not willing to accept new TRICARE Standard patients. Areas most affected by this are: Alaska; Humboldt Bay/County, California (AIRSTA/Group Humboldt Bay); Novato, California, and other Bay Area locations (Pacific Strike Team/TRACEN Petaluma/ISC Alameda); and Santa Barbara, California.

In areas away from MTFs, access can be especially challenging. Providers do not wish to take TRICARE patients mainly due to the low reimbursement rates. In the locations where TRICARE Prime is present, a trend is developing whereby providers are leaving the network. This not only affects active duty service members and their dependents but retirees and their dependents.

The message sent by The TRICARE Management Activity "selling" the three TRICARE options (Prime, Extra or Standard) only applies to those fortunate to live near an MTF that has an established network. These members have choices. If assigned to a high cost or remote/semi-remote area where Prime is not available, the only option is Standard. In addition, it is unfair for Coast Guard personnel to have to absorb the higher costs associated with health and dental care, including orthodontics in assignment areas. In reality there is no uniform benefit at this time since the three TRICARE options are not available to all beneficiaries nationwide.

FRA urges the Subcommittee to provide appropriations to enhance the ability of Coast Guardsmen to have access to and afford adequate health care for their families.

HOUSING

FRA is concerned about Coast Guard housing challenges that include adequate appropriations for new construction and/or maintenance. While the objective is to ensure that all members have access to quality housing, whether for single personnel or personnel with families, the Commandant's people-oriented direction acknowledges the importance of quality of life, and the important role of housing in obtaining and retaining a productive workforce.

During recent congressional testimony, Master Chief Petty Officer of the Coast Guard Frank Welch, stated that Coast Guard personnel and their families "continue to face a lack of affordable and adequate housing in many of our assignment areas."

The following locations are deemed Critical Housing Areas (CHAs) for Coast Guard personnel.

—Cape Hatteras, North Carolina (NC176)
—Montauk, New York (NY218)
—Cape May, New Jersey (NJ198)
—Abbeville, Louisiana (ZZ553)
—Port O'Connor, Texas (ZZ583)
—Rockland, Maine (ME141)
—Carrabelle, Florida (ZZ630)
—Marathon/Islamorada, Florida (FL069)
—Plus any area currently designated as a CHA by the U.S. Navy.

The situation is exacerbated by assignment areas that are typically in or near remote, high-cost areas along the coasts.

While housing allowances have increased, the availability of quality, affordable housing within a reasonable distance to work remains another challenge—especially for junior enlisted personnel. In certain areas, hyper increases in utility costs may also financially impact accompanied members residing on the economy and paying their own utilities. Although housing privatization initiatives are helping ease this challenge for the DOD Services and the Coast Guard's authority to participate in these ventures, FRA believes increased funds should be appropriated to address the Coast Guard's protracted housing problem.

CHILD CARE

Having available and accessible childcare is a very important quality of life issue for Coast Guard personnel and their families and the Administration's fiscal year 2004 Budget supports an expansion of this service.

While comparing Coast Guard childcare parity with the Department of Defense is difficult—the childcare needs of Coast Guard personnel and their families are no different than for DOD services personnel. Approximately 640 children are in Coast Guard childcare facilities and FRA believes that this program should be adequately funded to ensure parity.

EDUCATION BENEFITS

FRA strongly supports increased funding for education benefits. For fiscal year 2003, tuition assistance is paid at 100 percent up to $250 per semester hour with an annual cap of $4,500 for Coast Guard personnel. This puts the service on a par with the Department of Defense.

With regard to the MGIB program, participants may receive a full-time student rate of $985/month or more, depending on whether they contribute to an increased benefit program. Recent enhancements are positive steps to improving this program, however FRA believes MGIB benefits should be benchmarked to the average cost of a four-year public college education.

The Coast Guard adjusts discretionary funding to best address its particular needs. Hopefully, this Subcommittee will support the President's fiscal year 2004 budget recommending the Coast Guard to be fully competitive with DOD education benefits.

CONCLUSION

The Association again appreciates the opportunity to present its recommendations on the Coast Guard's fiscal year 2004 Budget and is grateful to this Distinguished Subcommittee for its great work in support of the men and women serving in our Nation's fifth Armed Force.

The broad range of services and support provided by the Coast Guard are not fully understood and recognized by the American public. FRA is working to broaden awareness of the incredible work done by Coast Guard men and women in support of the service's many missions and our national security. Hopefully the service's well deserved prominence within the new Department of Homeland Security will help increase recognition of the Coast Guard's tremendous service to our great Nation.

PREPARED STATEMENT OF THE GREATER ORLANDO AVIATION AUTHORITY

Chairman Cochran and distinguished members of the Senate Appropriations Subcommittee on Homeland Security: The Greater Orlando Aviation Authority ("the Authority") appreciates the opportunity to submit written testimony on the advancement of an in-line EDS baggage screening system for Orlando International Airport (OIA). The Authority recognizes and applauds the excellent and on-going assistance Congress has given in past efforts to obtain federal funding for critical capacity improvements at OIA.

Orlando International Airport remains steadfast in its commitment to help restore public confidence and ensure the highest standard of security in air travel. The Authority has diligently developed and begun implementation of a comprehensive security enhancement program to meet the challenges resulting from the tragic events of September 11, 2001.

In addition, the Authority recognizes the importance in continuing support of enhanced security at OIA. The Authority supports the U.S. Department of Homeland Security's commitment to keep air travel security enhancement initiatives on track.

The Authority respectfully requests your Subcommittee's consideration and support of our request for $50 million in funding which is essential to ensure the full and timely implementation of a Phase 2 Long-Term Checked Baggage Screening Solution using In-line EDS Equipment.

TSA Phase 2 Long-Term Checked Baggage Screening Solution

The Transportation Security Administration (TSA) approved a Phase 1 short-term solution to enable Orlando International Airport to meet Congress December 31, 2002 100 percent checked baggage-screening requirements. Together, TSA and the Authority established the following goals for the checked baggage screening functions at OIA:

—Create an experience the traveler and customer see as safe, secure, comfortable, efficient, and affordable.

—Provide a well-studied recommendation to TSA on how to achieve 100 percent checked baggage screening specific to OIA's operations and terminal layout.

—Meet or exceed TSA checked baggage screening standards and procedural requirements while maintaining efficiency of passenger and baggage processing and flow.

—Implement Phase 1 solution to meet the December 31, 2002 deadline with Phase 2 solution intended for the long-term, permanent solution.

The temporary Phase 1 solution required the combined deployment of Explosive Detection Systems (EDS) and Explosive Trace Detectors (ETD) equipment throughout public areas within the airport's main terminal building. It is manpower and space intensive, requiring over 200 ETD operators per shift and constricting passenger movement and circulation through the airport.

Passenger baggage in some areas must be manually transported from ticket counters to EDS/ETD devices positioned along the passenger walkways for screening and then returned to the ticket counter to be loaded on the plane, resulting in longer bag processing times and interference in passenger movement.

Due to these shortcomings and other factors, the Authority continues to work with TSA in developing a long-term Phase 2 checked baggage screening solution that is integrated with existing baggage systems. Phase II is an automated solution that relies primarily on EDS technology, supplemented with ETD for false alarm resolution. Phase 2 will be less manpower intensive and passenger intrusive as it is integrated into the existing baggage conveyance system. Simply put, it will be more secure, more customer friendly, and more efficient. It is anticipated that the Phase 2 solution could be completed in 22 months at an estimated cost of $50 million.

The Authority respectfully requests a specific line item in the fiscal year 2004 Department of Homeland Security budget for $50 million to implement a Phase 2 Long-Term Baggage Screening Solution at Orlando International Airport.

Funding Justification for Orlando International Airport

Orlando International Airport remains steadfast in its commitment to help restore public confidence and ensure the highest standard of safety and security in air travel.

Orlando International Airport is one of the Central Florida's primary assets and has been designated as an U.S. Security Category X airport. In 2001, OIA served approximately 28.3 million passengers making it the 15th busiest commercial service airport in the nation and the 24th busiest in the world. In terms of origin and destination (O&D) passenger traffic at domestic airports, OIA ranked 5th behind Los Angeles International and traditional airline hub airports such as Las Vegas' McCarran International, Chicago's O'Hare International, and Atlanta's Hartsfield International. Importantly, this means OIA faces a unique responsibility to safely and efficiently process a large volume of checked passenger baggage entering the sterile security environment for the first time. In fact, O&D passengers represent approximately 85 percent of all passengers at OIA. This high level of O&D activity is expected to continue, as well as our heightened responsibility to process the disproportionately large volume of checked baggage related to O&D traffic as it enters the secured system for the first time.

TOP TEN ORIGINATION AND DESTINATION AIRPORTS IN THE U.S.

[In millions]

Rank	Airport	O&D Passengers
1	Los Angeles (LAX)	31.0
2	Las Vegas (LAS)	25.8
3	Chicago (ORD)	24.8
4	Atlanta (ATL)	24.3
5	Orlando (MCO)	22.2
6	Phoenix (PHX)	20.1
7	New York (LGA)	19.4
8	New York (EWR)	18.4
9	Dallas (DFW)	18.4
10	Seattle (SEA)	18.3

Source: U.S DOT OD1A database.

OIA has scheduled service to 70 non-stop service plus 14 True-Direct domestic and 14 non-stop and 10 True-Direct international destinations, promoting increased airline service and competitive fares. The largest rental car market in the world is located at OIA. The airport shares a unique relationship with the regional economy. A completed Economic Impact Study determined OIA generates a $14 billion annual

economic impact on Central Florida and is responsible for 54,400 direct and indirect jobs.

The Authority is extremely fortunate to operate a commercial airport containing 13,297 acres of land. With these extraordinary resources, OIA is a critical component of the National Aviation System.

Regional and Economic Development Facts

The Orlando region has positioned itself as an international force in global business. Department of Commerce statistics show that this region leads the state's major markets in terms of export growth. With a population exceeding 1.7 million, metropolitan Orlando is one of the fastest growing population and employment markets in the country with a solid infrastructure in place to support major high-tech growth.

The region's private/public sectors work hand-in-hand with higher education institutions to enhance the region's climate for high-tech growth. Orlando has one of the most advanced telecommunications infrastructures in the southeast and the area's utility services are noted for reliability. With a civilian labor force exceeding 845,000—more than 200,000 of whom possess a college degree—the region's residents are well educated. It is estimated that more than 1,100 new adult residents move to the metropolitan Orlando area each week, providing an additional pool of labor for companies. Metropolitan Orlando's median household income is higher than both Florida and national averages. Clearly, the metropolitan Orlando area exhibits the demographic and work force growth, prowess and potential that only the nation's very best business communities can offer.

Orlando has become a world class meeting destination. The elegant, award-winning Orange County Convention Center, the second largest in the nation, will add one million square feet with its expansion, bringing the total exhibit space to a record 2.1 million square feet. This expansion, scheduled to open in 2003, will boost the center's space and services to accommodate meetings from mega-shows to smaller events. What's more, Orlando is transforming and enhancing its accommodations for meeting attendees with plans to add more than 23,000 hotel rooms to the area's existing 99,000-room inventory.

With its strategic geographical location within the Western Hemisphere, the state of Florida offers both a diverse culture and a flourishing business and industrial environment. With close to $370 billion in gross state product, Florida's economy is ranked 5th largest in the Western Hemisphere and the 16th largest in the world—far outpacing other states in the Southeast. Florida's robust state economy provides nationally recognized support for business expansion, new investment and international trade. With an unparalleled multi-modal transportation network, Florida provides easy access to any global destination, thus providing the obvious solution for moving people, goods and services around the world—today, and continuing throughout the 21st century.

In Summary

The Authority expresses its gratitude for the opportunity to present this testimony to your Subcommittee. The Senate's past support and interest in the development of the Authority's commercial airport is greatly appreciated. The Authority looks forward to working with you in advancing safety and security initiatives that will benefit the National Aviation System. We believe our request for $50 million to fund our permanent, Long-Term Phase 2 Checked Baggage Screening Solution using In-Line EDS Equipment is such an initiative.

PREPARED STATEMENT OF THE INTERNATIONAL ASSOCIATION OF EMERGENCY MANAGERS

Chairman Cochran, Ranking Member Byrd, and distinguished members of the Subcommittee, thank you for this opportunity to provide a statement for the record regarding the fiscal year 2004 budget proposal for the Department of Homeland Security.

My name is J.R. Thomas, and I am the emergency management director for Franklin County (which includes Columbus), Ohio. I currently serve as the President of the International Association of Emergency Managers (IAEM), whose membership is comprised of more than 2,000 of my colleagues from across the United States. We are city and county emergency managers who perform the crucial function of coordinating and integrating the efforts at the local level to prepare for, mitigate the effects of, respond to, and recover from all types of disasters including terrorist attacks.

We respectfully submit suggestions on three particular issues relating to the Department of Homeland Security budget for 2004.

Emergency Management Performance Grants (EMPG):

—Urge that funding be specifically designated in the Appropriations Bill

—Request that funding be increased from $165 million in 2003 to $300 million in 2004

—Urge that this program be returned to the Emergency Preparedness and Response Directorate (FEMA)

Hazard Mitigation Grant Program (HMGP):

—Oppose the budget request to eliminate the 404 HMGP program

—Urge Subcommittee to retain the program and return the funding level to 15 percent of certain eligible disaster costs

Flood Map Modernization:

—Support request for $200 million.

Emergency Management Performance Grants (EMPG).—The Emergency Management Performance Grants are pass-through funds to state and local emergency management offices to provide a foundation for basic emergency preparedness and response capabilities. This funding has existed in the past under several different names such as Emergency Management Assistance and State and Local Assistance, but the dollars have always served the same purpose.

The conferees on H.J.Res. 2, the Omnibus Appropriations Bill for fiscal year 2003, recognized the importance of this funding and specified $165,000,000 in legislative language for EMPG. In addition, the conference report (H. Report 108–10) stated the following:

The conferees have taken this action because EMPG is the backbone of the nation's emergency management system, builds state and local emergency management capability, is the foundation for first responder activities, and because this important activity has been severely underfunded for many years. Now more than ever, the planning activities carried out in this program are of utmost importance.

EMPG Not Specified in 2004 Budget.—The coordination function which EMPG supports faces an uncertain future within the Department of Homeland Security. What is certain is that the need for this grant program remains, and in fact, has dramatically increased due to recent Homeland Security efforts. We have been advised that state and local programs like EMPG are being consolidated into the Office of Domestic Preparedness under the Border and Transportation Security Directorate. However, no funding has been designated for this activity in the budget documents we have seen. The Budget in Brief for fiscal year 2004 for the Department of Homeland Security includes a request for $3.5 billion for the Office of Domestic Preparedness and specifies $500,000,000 for law enforcement grants, $500,000,000 for fire grants and $181,000,000 for Citizen Corps, but contains no mention of the EMPG. In addition, in response to hearing questions from Members of Congress, Department of Homeland Security Officials have verified that no funding has been specified for this program.

Importance of EMPG.—As America strives to promote homeland security and to advance first responder capability, several pressing needs are apparent, including:

—Integrated comprehensive plans which involve stakeholders at all levels

—Interoperable communications

—Standardization and expansion of training and exercising programs which involve all response agencies

—Regionalization of efforts to maximize effectiveness given limited funding

—Comprehensive critical infrastructure planning including both public and private sectors

It is the state and local emergency managers who orchestrate the efforts to meet these needs. The national emphasis on homeland security has generated major efforts requiring state and local governments to plan, train, exercise, and equip themselves for a variety of possible future emergencies, including those that result from terrorism. It is important to note that such planning and coordination does not generally emanate from the first responder agencies themselves, but from the efforts of state and local emergency managers. Given continued support and funding, emergency managers have the skills, the expertise, and the willingness to rise to the planning and coordinating challenges presented by the full range of hazards affecting their communities.

Funding.—Historically, funding for EMPG has been inadequate. The program was intended to be 50 percent Federal and 50 percent state or local funding. Currently many jurisdictions receive 20 percent or less. State and local emergency management programs are in desperate need of financial support if they are to effectively implement the President's homeland security strategy in states, counties, cities and

neighborhoods across America. Given the new security concerns arising from the War in Iraq, emergency management is more important than ever. It is imperative that adequate funding be allotted to EMPG so that emergency managers can continue to serve as a unifying force in the effort to preserve public safety and maintain homeland security as well as continue to meet the requirements of all hazard planning and coordination.

We respectfully request the EMPG be increased from $165,000,000 to $300,000,000.

Location of EMPG Program.—It is essential that the Directorate of Emergency Preparedness and Response and state and local emergency management offices continue to prepare and plan for floods, hurricanes, earthquakes, ice storms, tornadoes and other natural disasters as well as acts of terrorism. It is vital that the link between EMPG and those who integrate the programs on the Federal level be maintained. The focus of this particular grant program is much broader than training and purchase of equipment. It is a program that supports the foundation of emergency management for all hazards, including terrorism and for which deliverables are required. In order to maintain the critical federal, state and local emergency management infrastructure, the value of which has been demonstrated in hundreds of disasters over the past few years, the essential elements of that EMPG program should be moved back to Emergency Preparedness and Response Directorate.

Hazard Mitigation Grant Program (HMGP)

The Administration's request for fiscal year 2004 would eliminate the 404 Hazard Mitigation Grant Program, which provides post-disaster funding and fund a pre-disaster mitigation program at $300 million per year. In order to reduce future disaster costs, commitments must be made to both pre-disaster and post disaster mitigation. Citizens and elected officials are most receptive to undertaking projects and initiatives that reduce the impacts of future disasters immediately after a disaster has occurred. Without the 404 funding, those opportunities will be missed. The fiscal year 2003 Omnibus Appropriations Bill reduced the 404 Hazard Mitigation Grant Program from an amount equivalent to 15 percent of eligible disaster costs to 7.5 percent. We urge that the program be retained and that it be restored to the previous 15 percent.

Flood map Modernization

IAEM supports the Administration's request for $200 million for flood map modernization. Flood maps play a key role in disaster reduction, mitigation, and community planning and development activities. Many of the flood maps in place are 15 to 30 years old and do not reflect recent development, and may contain inaccurate information about the floodplains as a result. FEMA estimated the cost of a multi-year map modernization plan at $750 million over a 7-year period. We support this multi-year effort.

Thank you for giving us the opportunity to provide this testimony.

PREPARED STATEMENT OF THE INTERNATIONAL LORAN ASSOCIATION

Dear Chairman Cochran: On behalf of the International Loran Association (ILA), I am writing in conjunction with your work on the fiscal year 2004 Department of Homeland Security Appropriations bill. Specifically, the ILA is asking for your support in funding the U.S. Coast Guard (USCG) budget to continue the modernization of the Loran-C system. Because Loran is the only multimodal system we have that can support the global positioning satellite (GPS) system, which has recognized vulnerabilities affecting the security of our critical national infrastructure and the safety of tens of millions of American citizens, we believe completing Loran modernization has critical national importance. I respectfully request that this letter be made part of your hearing record in conjunction with the Subcommittee's work.

In recent years, because of continued strong bipartisan support from the Appropriations Committee and the widespread recognition of national vulnerabilities associated with overdependence on GPS, nearly $100 million in resources have been provided to modernize the Loran-C infrastructure through an inter-agency agreement between the USCG and the Federal Aviation Administration (FAA). The Coast Guard's move to the new Homeland Security Department now makes it imperative that funding be provided from the USCG budget to continue and complete the infrastructure modernization effort and to augment operations funds already provided through Coast Guard resources.

With regard to the Subcommittee's objectives and its focus on national security issues, let me briefly summarize issues associated with GPS and Loran:

GPS and Loran

GPS and Loran are radionavigation and timing systems that operate in virtually identical ways but have extremely different properties—properties that make them uniquely synergistic systems. GPS is a satellite-based, high frequency, and very low signal level system, while Loran is a ground-based, low frequency, and a very high signal level system. Given their distinctly different properties, GPS and Loran do not share vulnerabilities, e.g. interference that may affect one system will not affect the other. Both GPS and Loran are multimodal (i.e. they can be used for aviation, marine, terrestrial and timing applications), and they are the only multimodal systems we have. Given its multimodal capabilities, Loran is the second most widely used navigation and timing system in the world.

From approximately 1994–2001, the Department of Transportation and its agencies were driving towards a "sole-means" GPS system, in hopes of eliminating all other systems and relying totally on GPS. Fortunately, it is now generally acknowledged that a sole-means system cannot be justified on safety, security, technical, economic, or political grounds, and that integrated or hybrid systems provide the most robust, highest performance and do so in the most economic manner. Not only is Loran our least expensive system, it is also the most complementary system to GPS.

The matrix below summarizes Loran's unique multimodal advantages, and graphically illustrates Loran is the only system we have that can provide an independent backup to GPS in the diverse roles that are critical to the national infrastructure and our nation's security. From a national perspective, it is clear that investments in the Loran infrastructure will result in a system that can support GPS in multimodal applications and that has considerable upside potential with regard to national security and safety, system performance, and user/provider/manufacturer/national economic benefits.

RADIONAVIGATION SYSTEMS AND GPS AUGMENTATION SYSTEMS

[Applications and Performance—* = vehicles, railroads and personal]

	Terrestrial*	Aviation	Marine	Timing	GPS Independent
Loran-C	+	+	+	+	+
VOR/DME	−	+	−	−	+
NDGPS	+	−	+	−	−
WAAS	+	+	+	+	−

GPS Interference, Dependence, and National Security and Safety

As a result of 9/11, the Volpe report on GPS vulnerabilities, the President's Commission on Critical Infrastructure Protection, and numerous other events/studies, Congress and the nation have become extremely focused on protecting the national infrastructure and safety of life, and seek practical, cost effective solutions to these very real concerns. Through these studies and reports, including the Volpe Center's "Vulnerability Assessment of the Transportation Infrastructure Relying on the Global Positioning System," overwhelming evidence has accumulated about the need for complementary systems, including Loran.

Since virtually every aspect of our national infrastructure (e.g. transportation, telecommunications, and power) relies on GPS, and because GPS is an inherently fragile system, GPS dependence is a core national vulnerability. Basically, GPS is extremely vulnerable to intentional and unintentional interference, and neither can be completely controlled today or in the future, regardless of system augmentations/modifications or monies expended on those efforts. For example, intentional jamming is currently underway in Iraq, as reported by The Washington Post, Reuters, and other news sources, and while such acts are recognized tactics in modern war situations, recent history tells us that such tactics could easily be brought to our land. I will note that in the August 19, 2002 Colorado Springs Gazette, General Lance Lord, Commander of the Air Force Space Command, stated that the most likely attack on U.S. satellites would be GPS jamming attacks on the ground.

There have also been numerous examples of unintentional jamming, and these incidents exemplify how easily GPS reception can be disrupted. For example, GPS World recently published an article about GPS jamming that inadvertently continued for well over 2 months, completely blocking Moss Landing Harbor in California. In this case, the "jammers" were commercially available TV antennas located on private boats, and the owners were completely unaware of the interference caused by these devices. One must only turn to personal experience with cell phones, AM/FM radios, TV reception etc. to recognize that wireless communications are not perfect,

and will not become so in our lifetime. I believe it is also reasonable to assume, particularly given the huge popular migration to wireless communication technologies, that these conditions will only be exacerbated in the future.

In summary, the reality is that our national transportation, telecommunications, and power infrastructure is totally reliant on GPS and our infrastructure is vulnerable. The reality is also that GPS can never be made to be invulnerable, and we cannot completely control our radio frequency environment today or in the future. Loran is the only system we have that can mitigate this vulnerability and provide an infinite backup to GPS.

Economic and National Security Issues

While it is clear that GPS dependence is a national vulnerability, it is also clear that the nation must seek the most cost-effective means to protect all modalities that compose the national infrastructure. In this regard, I think it is fair to state that Congress has shown exceptional, pragmatic leadership with regard to Loran and GPS, but in contrast, agencies and the DOT have been unable to formulate a cohesive policy that addresses national needs.

For example, the FAA currently maintains the very high frequency omnidirectional range (VOR) and distance measuring equipment (DME) systems to backup GPS when GPS is unavailable. Neither system provides nearly the coverage or performance of Loran, and their annual O&M costs are roughly three times that of Loran's, which will drop to about $15 million when the modernization is complete. In addition, VORs and DMEs are single modality systems (i.e. they can only be used by aviation), and cannot even be used in the future "Free Flight" system envisioned by the FAA. In contrast, the FAA's own studies have identified Loran as "the best theoretical" backup to GPS and point out that Loran will fit in their future Free Flight system. Lastly, Loran is a multimodal system that can provide similar benefits to millions of other Americans, and can do so much less expensively than the single modal VOR/DME system.

Another example is the situation with the USCG, which has not formally identified a GPS backup that would enable continued port operations during a period of GPS denial or unavailability. The USCG currently states that radar with visual aiding is the backup that can be used during a GPS outage. On its face, this answer completely avoids the basic issue, as it assumes a GPS outage would only occur during daylight hours with good visibility. It eschews the fundamental concern of continuing operations during nighttime and storms or perhaps terrorist activity, the very situations where a backup system is absolutely required. Moreover, the USCG has not identified a GPS backup for the automatic identification system (AIS), which will be used to track and monitor vessels in and around U.S. ports, and relies completely on GPS. Fortunately, the USCG has initiated studies on Loran for these roles, and the modernization program will enhance Loran's ability to fulfill these roles. In this regard, I will also note that the United States Power Squadron (USPS) has recently joined the National Boating Federation (NBF) in endorsing Loran's continuation and modernization, and written the USCG Commandant to express these views.

In summary, Loran is not only the most cost effective system we have that can backup GPS and protect our multimodal national infrastructure, it is the only system we have that can address these essential national requirements. At this point in our history, Loran is not only a national asset, but also a national requirement; its modernization is a necessity.

Loran Modernization

As indicated above, the Loran recapitalization effort has already yielded substantial benefits to the nation, which are reflected not only in national security and infrastructure enhancements across all modalities, but also in cost savings. For example, major progress has been made in replacing eleven old tube transmitters with modern, high efficiency transmitters and associated modern electronic systems. This modernization program has already enabled personnel reductions, increased reliability, and enhanced performance. These improvements will ultimately reduce Loran's annual O & M costs from $27 million to under $15 million, and do so while improving Loran's ability to complement GPS. Well into our future, Loran can act as a multimodal insurance policy for our national infrastructure for under $15 million annually.

Last year, Congress approved $25 million for the Loran modernization program. The Coast Guard is effectively using those funds for important projects that simultaneously assist the modernization effort and advance security and safety benefits presented by Loran and GPS compatibilities. These projects are demonstrating that Loran and GPS uniquely work hand-in-hand, and cost-effectively benefit all modes

of transportation users. In summary, it is hard to imagine how taxpayers' money could have been more productively spent to generate more security, safety, performance, and economic benefits for the nation. The Loran modernization program is indeed a wise and necessary investment in America's future, and I respectfully ask that the Committee continue this investment at its current level of $25 million.

In conclusion, Loran is a national asset of inestimable value. Loran is the second most widely-used radionavigation system in the world; it is the most cost-effective, most complementary system to GPS; and it is the only other multimodal system available to meet our national security and transportation system objectives. The Loran modernization program is well underway, and already has provided multimodal benefits to the nation, and more will follow. I urge you to support fiscal year 2004 funding in the Coast Guard budget of no less than $25 million to continue a Loran modernization program that will help assure our nation's transportation safety and infrastructure security in the most cost effective manner for both government providers and private users.

PREPARED STATEMENT OF THE LUMMI INDIAN BUSINESS COUNCIL

My name is Darrell Hillaire, Chairman of the Lummi Nation. The Lummi Nation, is located on the northern coastline of Washington State, and is the third largest tribe in Washington State serving a population of over 5,200. The modern Lummi government is heir to the traditional territories of the Lummi and Semiahmoo People, which covers lands rivers and marines areas in the United States (Washington) and Canada (British Columbia).

On behalf of the Lummi Nation I want to thank you and the members of the Committee for the opportunity to express our concerns and requests regarding the fiscal year 2004 appropriation for the U.S. Department of Homeland Security. The following written testimony presents the Lummi Nation funding priorities, as well as regional and national concerns and recommendations for your consideration.

The Lummi Nation's relationship with the United States of America means that it must also confront threats to the United States and the American people that are presented by World events that have occurred, at times, in distant lands and disturbingly in our own backyard. In January 2002 several members of the Lummi Nation Council and I attended the Tribal Homeland Security Summit. While that meeting did provide information is did not result in any increased security for our membership. Although isolated the Lummi Nation has witnessed major terrorist activities in our area.

—A terrorist from the middle east was caught entering the United States less than 90 miles from the Lummi Nation with plans and equipment to bomb Los Angles International Airport.

—Within the last 2 years the Federal government successfully prosecuted 5 residents of our County for involvement in American "militia" activities similar to those that led to the bombing in Oklahoma City. And finally the terrorist father and stepson, who held the Washington DC area in fear last year were living in the nearby city of Bellingham, prior to beginning their cross country shooting spree.

—Tribal members routinely fish and hunt in remote areas of what is now known as northwest Washington State that are the scene of drug smuggling.

—Tribal member routinely cross through the boarder stations into Canada to visit relatives, perform and participated in ceremonies and participate in Tribe to Tribe trade, tax free, under the Jay Treaty of 1789. These activities also take place in remote areas of British Columbia.

—Lummi Tribal members are dependent of water resources that flow from reservation aquifers fed by surface water wetlands and the waters of the Nooksack river.

—Lummi Nation's dwindling fisheries resources are also dependent on these water resources. All of which are open to contamination.

—Tribal lands are not part of the State of Washington, Lummi Nation is a sovereign federally recognized Indian Government.

—The Coastal Zone Management Plan of Washington State indicates Lummi Nation Lands as a blank space on their Plan Map. The Lummi Nation owns and manages 12 contiguous miles of Coastline.

I, along with other tribal leaders, are concerned that the Department fully include and involve Tribal governments as it develops the programs services functions and activities that are designed to assist Tribal governments needs to meet the ever changing nature of terrorism. The Lummi Nation has an Office of Emergency Services, has developed Emergency Services Plans and works with Whatcom county and

the State of Washington to insure that emergency services are ready and are provided as needed.

Tribal Government Consultation

On behalf of the Lummi Nation I am recommending that the Department, following the example of many other Federal departments, develop a policy of planning through consultation with Tribal governments on a government-to-government basis. This means consultation prior to developing plans meant to benefit tribal governments. Such a policy is needed due to the unique status of Tribal governments within the American system of government, their strategic location and isolation that present unique challenges for all law enforcement and security activities.

Senate Bill 578 and Tribal Self-Governance

The Lummi Nation fully supports proposed legislation to amend the Homeland Security Act of 2002 to include Indian tribes among the entities consulted with respect to activities carried out by the Secretary of Homeland Security, and for other purposes. The Lummi Nation is not only a Self-Governance Tribe—it is the first Self-Governance Tribe. The Lummi Nation is seeking to be a full, active and productive partner with the United States and the Department of Homeland Security. This can best be accomplished through the passage of this legislation.

Emergency Domestic Preparedness

Tribal governments must be part of the Department's efforts to strengthen America's first responder community and make our homeland safer from potential threats. The Lummi Nation needs financial and technical assistance to plan and develop its preparedness for terrorism as well as its coordinated terrorism prevention and security enhancement for first responders within Lummi reservation communities. The Lummi Nation needs financial assistance to develop preparedness plans, purchase equipment, develop and implement training, and support the costs of preparedness exercises to enhance our security: The Lummi Nation wants to be one of the "critical infrastructure facilities as part of Operation Liberty Shield."

The Lummi Nation and other Tribal governments need the U.S. Homeland Security Department to recognize that there are significant security needs on reservations that are substantially different from those of metropolitan areas. There are unique needs for protection or preparedness of rural and isolated areas that attract infiltration activities.

Counter-terrorism Programs, Services, Functions and Activities

In the planning the Department will undertake I ask you to consider the role of the Lummi Nation and other Tribal governments in the counter terrorism activities of the United States the support expanded responsibilities of the Department of Homeland Security.

The Lummi Nation can provide many trained officers and other who want work and training to support the increased transportation security operations including additional screening of visitors crossing the border, more secondary inspection of immigrants and visitors at ports-of-entry, increased inspection of high-risk goods and cargo at ports-of-entry, additional flight hours for airspace security.

The Lummi Nation can provide the administrative support and the labor force to support the protection of Federal assets located in our area. The Lummi Nation is in an excellent position to provide increased security between ports-of-entry on the borders.

The Lummi Nation can develop the facilities to support the pre-deployment of Federal emergency response assets and provide the labor force needed to support the activation of government emergency response plans.

TRIBAL SPECIFIC APPROPRIATION REQUEST

$160,000 TRIBAL EMERGENCY RESPONSE OFFICES

Lummi Nation request funding to support the development, implementation and operation of its Emergency Assistance Preparedness and Management Plan $50,000, Office Staffing $100,000 and start-up equipment $10,000.

Budget Period	2004	2005	2006
Funding Amount	$160,000	$150,000	$150,000
Project Activity	Planning	Operations Support	Operations Support

$150,000 EMERGENCY COMMUNICATIONS

The Lummi Nation needs assistance to plan develop, construct and operate reliable, real time, reservation wide emergency communication Dispatch services, and the problems with 911 and complaints in delays getting L&O officer response. Dispatch services.

Budget Period	2004	2005	2006
Funding Amount	$150,000	$50,000	$50,000
Project Activity	Planning & Equipment	Implementation	Operations Support

LUMMI NATION FIRST RESPONDERS NETWORK

The Lummi Nation is seeking financial assistance in planning developing implementing and operating a reservation-wide first responder network.

Emergency Medical Service program

Emergency Medical Services request funds for an Ambulance, staff training and assistance in establishing a 24/7 First Responder and Emergency Medical Technician Service. Construction of an Lummi Nation Emergency Services Facility that would house the ambulances and support reservation wide emergency services first responders.

Budget Period	2004	2005	2006
Funding Amount	$800,000	$5,000,000	$300,000
Project Activity	Planning & Training, Staffing Equipment $160,000 for 2 ambulances.	Construction	Operations Support

Fire Department (Development preparedness, training funds)

A shrinking State Fire Department that is dependent on volunteers serves the Lummi Nation. Volunteers whose training is no longer supported by the State of Washington due to its own budget problems. The Lummi Nation is seeking to work with the State to develop this small service base into a effective tire and first respond department.

Budget Period	2004	2005	2006
Funding Amount	Planning $250,000	$1,000,000	$300,000
Project Activity	Planning	Construction	Operations Support

LUMMI NATION CITIZEN WATCH PROGRAMS

Citizens of the Lummi Nation are as concerned about the potential for injury and death due to terrorist attacks. Our Tribal members want opportunities to get involved in the process of protecting themselves. They have information about unusual activities in areas that are remote for most non-Indian citizens. Because of their unique lifestyle our members travel both by land and sea to areas that are not regularly inhabited. Therefore the Lummi Nation is requesting funding to plan, develop, implement and operate the Citizen Watch Program.

Budget Period	2004	2005	2006
Funding Amount	Planning $250,000	$150,000	$150,000
Project Activity	Planning Operations and Implementation	Operations Support	Operations Support

LUMMI NATURAL RESOURCES DEPARTMENT

$230,000. Annual Recurring Funding Request to support the increased staff, support and equipment due to increased security needs and activities of the Lummi Nation Natural Resources Department.

Protection of Natural Resources and the People who use these Resources

The Lummi Natural Resource Officers have concentrated on bringing quality cases to the Tribal Court this year. These cases have been coordinated with other Tribes, Washington Fish and Wildlife and National Marine Fisheries Service in accordance with the sovereignty and jurisdiction of the Lummi Nation. Additional officers has made it possible to spend more patrol time in tideland and beach enforcement as well as in the usual and accustomed area by water and land patrol.

The Lummi Tribe possess and exercises treaty rights that are protected and reaffirmed, by the U.S. Federal courts (*Washington* vs. *U.S.,* (1974) Western District Court, Ninth Circuit Court and U.S. Supreme Court) to preserve the Lummi people's right to harvest salmon and other marine resources "in common" with the citizens of Washington in their "usual and accustomed grounds" inland or marine territories. The Lummi people possess—the right to catch up to 50 percent of the harvestable salmon in their traditional fishing areas, located throughout Puget Sound's marine waters. These treaty rights extend beyond the harvesting of fish, or salmon to include other species including: hunting of deer, elk; gathering, harvesting shed ash, clams, oysters, scallops, mussels, sea urchins, shrimp, abalone, and squid.

The preservation and management for these species and their continued survival is are essential function of LIBC tribal government. The Lummi people have traditional depended upon the harvesting of marine and natural resources for subsistence with many contemporary family households rely upon the annual harvest as the primary source of income. The development of offshore structures and increased vessel traffic in and/or near traditional fishing areas will present a hindrance to the Lummi peoples capability to sustain an income.

Budget Period	2004	2005	2006
Funding Amount	$400,000	$230,000	$230,000
Project Activity	Increased Staffing Increased Support Equipment Start-up costs.	Support for increased Operations	Operations Support

LUMMI LAW AND ORDER (POLICE) DEPARTMENT

The Lummi Law and Order Division is responsible to provide enforcement services to patrol the Lummi Nation Reservation and its "traditional hunting and fishing" territories. This geographic area is much larger and extends beyond the Lummi Indian reservation exterior boundaries. The Lummi Nation need for patrol and enforcement is a year round activity in order to protect the people, their property, their natural resources and preserve the tribe's Treaty Right. The Lummi Nation controls, regulates and manages over 6,000 acres of tidelands and shoreline properties surrounding the Lummi Indian Reservation. However the Lummi Nation is entitled to harvest shellfish over 15 miles of "off reservation" coastal areas that extend up to the Canadian Border and all along the western coastal boundaries of Whatcom and Snohomish Counties, Washington State.

The Lummi Nation treaty right guarantees the tribe and its membership future access and use, of existing aquatic waterways, without obstruction or hindrance, and further to navigate, operate boats or harvesting equipment in traditional fishing grounds and corresponding marine water areas. The Lummi traditional fishing areas extend beyond the physical boundaries of the Lummi Indian Reservation. Marine water areas extend north of the Reservation to Pt. Robert's and the U.S./Canada border, and south of the reservation throughout the San Juan Islands The tribe's traditional "Hunting" territory includes all the ceded land identified in the Pt. Elliot treat and covers over Four Counties in the Pacific Northwest. The Lummi Law and Order Division needs additional officers, salaries and support funding to address the security needs of both on and oil reservation activities.

$200,000 Lummi Nation Law and Order Patrol Boat

The Lummi Nation Law and Order needs a new Patrol Boat. The costs for the Lummi Law and Order patrol boat are quoted to be $200,000.

Budget Period	2004	2005	2006
Funding Amount	$500,000	$300,000	$300,000
Project Activity	Increased Staffing Increased Support Equipment Patrol Boat $200,000 Start-up.	Support for increased Operations	Operations Support

Thank you for allowing us to submit this statement of testimony on the fiscal year 2004 Homeland Security Appropriations.

PREPARED STATEMENT OF THE NATIONAL BOATING FEDERATION

Mr. Chairman, Members of the Subcommittee: I am writing to respectfully request that this letter be made part of your hearing record in conjunction with the Subcommittee's work on the fiscal year 2004 Department of Homeland Security Appropriations bill and to request your support of funding in the United States Coast

Guard budget to continue the modernization of the Loran-C system. On behalf of our 2 million members nationwide, the National Boating Federation (NBF) strongly supports Loran as a backup operational system to GPS, and we urge continuation of the Loran modernization program. We understand other marine users and related groups, including the United States Power Squadrons (USPS), have also expressed strong support for Loran modernization and the need for it as an operational backup to satellite navigation.

The move of the Coast Guard to the new Homeland Security Department now makes it essential that funding be provided from the Coast Guard budget to continue the Loran infrastructure modernization effort. The Appropriations Committee has provided nearly $100 million in resources in recent years to modernize the Loran infrastructure through an inter-agency agreement between the U.S. Coast Guard and the Federal Aviation Administration (FAA).

As a result of the Coast Guard recapitalization effort, substantial progress has been made and many efficiencies implemented. When complete, the modernization will reduce the Loran system's operation and maintenance (O&M) costs from $27 million to under $15 million annually. This is a remarkably low annual cost, particularly given Loran serves so many diverse user groups.

Loran is serving as a multi-modal GPS backup not only because of the navigation it provides to marine users and other modes of transportation, but also because of its ability to provide precise time services to the nation. Moreover, Loran is the second most widely used radio navigation system in the world; it is a national asset that is the most cost-effective, most complementary system to the GPS; and it is the only other multi-modal radio navigation system available to meet many of our national security and transportation system objectives.

It is imperative that Loran be part of the nation's long term navigation system mix because it is essential to marine and other users to meet ongoing navigation, timing and other requirements.

Last year, $25 million was provided for Loran modernization because of overwhelming evidence that the technology offers cost-effective security, safety, efficiency and other benefits.

The NBF urges you to support fiscal year 2004 funding in the Coast Guard budget of no less than $25 million in resources for continuation of the Loran modernization program.

PREPARED STATEMENT OF THE NATIONAL EMERGENCY MANAGEMENT ASSOCIATION

Introduction

Thank you Chairman Cochran, Ranking Member Byrd, and distinguished members of the Committee for allowing me the opportunity to provide you with a statement for the record on the Department of Homeland Security (DHS) fiscal year 2004 budget. I am Peter LaPorte, Co-Chair of the National Emergency Management Association Homeland Security Committee and Director of District of Columbia Emergency Management Agency. In my statement, I am representing the National Emergency Management Association (NEMA), who are the state emergency management directors in the 50 states and the U.S. territories. NEMA's members are responsible to their governors for emergency preparedness, homeland security, mitigation, response, and recovery activities for natural, man-made, and terrorist caused disasters.

This is a historic time as you have reorganized to consider the Department of Homeland Security's budget and the Federal Government's reorganization to stand-up the Department is in its infancy. It is critical that the fiscal year 2004 budget and future budgets do not lose sight of the all-hazards approach to emergency management. Our Nation cannot afford to build a new system for homeland security. We must utilize the pieces already in place to deal with natural hazards and other emergencies. Our most frequent opportunity to affirm our preparedness comes with recurrent natural hazards. In this year alone, the country has experienced ten major disasters, 15 emergency declarations, and one fire suppression declaration. While we continue to enhance our preparedness for domestic terrorism, we continue to prepare for and respond to frequent disasters of all sizes and impacts.

The Department of Homeland Security budget provides critical support to state and local emergency management programs through actual dollars, grants, and program support. This year, NEMA would like to address three main issues with the proposed Federal budget for Department of Homeland Security.

—The first is our concern for the elimination and lack of attention to building and sustaining emergency management infrastructure capabilities. This has tradi-

tionally been accomplished through the Emergency Management Performance Grant (EMPG) program;

—The second is our support for continuing and enhancing the First Responder Grant program and the intention to coordinate and manage these grants through the states; and

—The third is our concern about the proposal to eliminate the Hazard Mitigation Grant Program (HMGP) in order to finance a competitive predisaster mitigation grant program only.

Emergency Management Infrastructure Funding

More than any other intergovernmental program, emergency management and disaster response is a joint and shared responsibility among local, State, and Federal levels. The increase or decrease in resources for one level has a direct impact on the responsibility and impacts of disasters on the other partners. For example, a decrease in the capability of local governments to respond to any disaster automatically passes the burden of cost and activity to the state and Federal Governments. Unfortunately, the consequences of such policies are much more significant in terms of the effects of disasters on our citizens and communities since an inability to respond to life threatening emergencies at the local government level can not be replaced by efforts at the state and Federal levels. Additionally, the basic elements of comprehensive emergency preparedness cannot be replaced by narrow program funding for homeland security efforts.

The President's budget proposal would eliminate the all-hazards focused Emergency Management Performance Grant (EMPG) program and roll it into the domestic terrorism focused First Responder Grant program. After a decade of static funding for the program, EMPG received a modest increase of $29 million in fiscal year 2003. Additionally, Congress recently affirmed the importance of EMPG in the fiscal year 2003 appropriations bill stating:

"EMPG is the backbone of the Nation's emergency management system, builds state and local emergency management capability, is the foundation for first responder activities, and because this important activity has been severely under funded for many years. Now more than ever, the planning activities carried out in this program are of utmost importance. The conferees believe that FEMA should consider an allocation system for these funds that takes into consideration not only population, but also risk and vulnerability assessments."

We would like to take this opportunity to thank you for your support towards this important program and respectfully request that you not only prevent elimination of EMPG in the 2004 appropriations, but also address the program's shortfalls. While it is called a grant, EMPG is really a cost-share system which ties together the emergency management system of local, State, and Federal governments.

This program was funded in fiscal year 2003 at $165 million, but a NEMA survey demonstrates an additional $200 million shortfall in basic state and local level program support in this joint effort to prepare the Nation's emergency management infrastructure for an adequate preparation and response to any catastrophe. The increased homeland security focus is an enhancement to our basic emergency management capacity and we will not succeed in building vigorous and robust preparedness for homeland security by taking away the basic building blocks of the emergency management system. An analogy for this is likened to the building of a second story on a house by using the very bricks that are integral to the foundation.

The Nation is faced with an increased threat of terrorism and the necessity for increased planning and coordination with public health, law enforcement, agriculture and other state and local organizations. Further, significant grants management responsibilities with all response organizations cannot be accomplished effectively with current capabilities. An additional $200 million in funding for EMPG or other similar program in fiscal year 2004 is critical to addressing these immediate needs and sets the stage for future multi-year funding based upon national assessments of existing capabilities and needs.

The elimination of this program will result in immediate, near-term and long-term degradations in the Nation's ability to effectively address emergencies and disasters. Citizens and communities that handled emergencies locally will no longer be able to do so and the responsibility and costs will be passed to the next higher level of government. But the costs will be greater, more frequent, and more dramatic. Straight-lining this funding in the current homeland security environment of increased programmatic activity without a commensurate increase in infrastructure will have a similar result. Therefore, an immediate increase and sustained program over the long term is necessary.

FIRST RESPONDER GRANT PROGRAM

We appreciate the attention and funding that the Congress has given to ensuring first responders and emergency management is adequately prepared for domestic terrorism threats. Our emergency responders are better prepared today to face the various threats associated with terrorism because of the Federal commitment to address the war on terrorism that is being played out in our states, cities, and towns. States continue to take an all-hazards approach to disaster preparedness as we have integrated our domestic preparedness efforts into the proven systems we already use for dealing with both man-made and natural disasters.

We have a great opportunity before us to build and sustain a national emergency infrastructure that addresses the needs of the entire emergency community (for example, fire, law enforcement, emergency medical services, emergency management, public health, and emergency communications) without taking away programs that are the basic building blocks of these components. We must seek to build baseline capabilities in each state that are adequately funded through reliable multi-year funding. NEMA continues to support Federal efforts to increase emergency management capacity building at the state, territory, and local level for personnel, planning, training, equipment, interoperable communications, coordination, and exercises. A significant Federal commitment must be made to give state, territorial, and local governments the tools to ensure adequate preparedness. While states have significantly increased their commitment to emergency management over the last decade, states are struggling with budgetary issues and the increased investments necessary to meet new demands. Critically important to the above is allowing funds for emergency responders to be used to pay for training, exercises, and security costs for critical infrastructure and key assets, as well as hardening defenses and security to these potential targets.

State Coordination

All efforts to increase emergency management capacity building must be coordinated through the states to ensure harmonization with the state emergency operations plan, ensure equitable distribution of resources, and to synthesize resources for intra-state and inter-state mutual aid. Also, the Stafford Act, which governs the way disaster assistance is allocated, successfully uses states and Governors as the managers of Federal disaster relief funds for local governments, which can become overwhelmed and in need assistance when disasters occur.

States understand the need to get funding quickly to the first responders and have long coordinated statewide and regionally to ensure adequate state assistance to local governments for emergency preparedness and response. There has been some discussion of the states' effectiveness to coordinate these programs; our data shows that the criticism is exaggerated. An April, 2003 NEMA Report found that of the 1999–2002 funds provided by the Office of Domestic Preparedness Grants, 76 percent of the funding has been expended or obligated and that of the fiscal year 2002 supplemental funds to the Federal Emergency Management Agency (now the Emergency Preparedness and Response Directorate), 69 percent of the funding has been obligated or expended. States continue to work to ensure the grants get out as quickly as possible to the localities. We suggest that the Department of Homeland Security provide quarterly reports on the status of Federal funds for State and local governments in detail to Congress and share those reports with key state and local government associations and first responder associations. We believe this would provide the opportunity for all interested parties to see the same data regarding homeland security grants as well to see where assistance is needed in getting grant funding distributed and most importantly, it would provide an ability to track our progress in protecting our communities from terrorism.

Finally, Federal streamlining is necessary to consolidate the Federal grant application process for homeland security funds in order to ensure that funding can be provided faster to first responders. The current application submission, review, and approval process is lengthy and should be reviewed for efficiency.

Fiscal Conditions and Match Requirements

Further, because the war on terrorism is a national emergency and states and local governments are in the toughest fiscal situations since the deep recession in the early 1980s, we must be wary of programs that would require significant matches. In fact, for local governments to meet the match would be even more difficult given their fiscal constraints. If a significant match is required, the application of this initiative will only go to those agencies and governments that can fiscally afford the match and not necessarily where the need is greatest. If a match is necessary, we would suggest that the match be non-fiscal or in the form of a deliverable as opposed to soft or hard dollars. We also recommend continuation of the current

match requirements for Emergency Operations Centers enhancements of 75 percent Federal and 25 percent state and local.

Flexibility for Personnel to Manage the Program

State emergency managers need to have a commitment for sustained Federal resources and the flexibility to ensure the hiring and training of sufficient professional personnel to manage the expanding antiterrorism programs. We are concerned that an influx of funding programs from the Federal Government could detract from the "all hazards" approach and we will have to turn our focus away from natural disaster preparedness and response and thereby actually reduce overall preparedness and efficiency. Building a statewide emergency management capability is key to ensuring preparedness across the board. Flexibility to use some of the first responder grants for personnel both at the state and local level to manage the programs is critical to completing the preparedness mission. As an existing funding stream, EMPG is used in part to fund state and local staff to manage critical programs and build the incremental emergency management capacity to prepare for the first responder grants and the coordination that will be required to effectively execute the program. The First Responder Grants should provide the same flexibility. State and local government emergency management and responder organizations are already working at capacity and need Federal support for more than just purchasing pieces of equipment. Flexibility based on strategic approaches should be the norm, not single-issue, narrowly focused grants.

Another area where flexibility is needed is to cover the overtime costs associated with training and exercising. In order to send a first responder to train on equipment, states and localities must pay overtime for that person's time, but also overtime for the person who takes their shift to replace them on duty. The current equipment and exercise grants do not cover such training costs.

Standards

Standards must be developed to ensure interoperability of equipment, communications, and training across state, regional, and local jurisdictions. In terms of establishing voluntary minimum standards for the terrorism preparedness programs of state and local governments, NEMA offers itself as a resource in this area. Our organization, along with other stakeholder groups such as the Federal Emergency Management Agency, the International Association of Emergency Managers, National Governors' Association, National Association of Counties, International Association of Fire Chiefs, and others, has developed and is implementing an Emergency Management Accreditation Program (EMAP). EMAP is a voluntary standards and accreditation program for state and local emergency management that is based on NFPA (National Fire Protection Association) 1600 "Standard for Disaster/Emergency Management and Business Continuity Operations" (an ANSI or American National Standards Institute approved standard) and FEMA's Capability Assessment of Readiness (CAR). Consequence management preparedness, response and recovery standards are being developed in conjunction with those for the traditional emergency management functions. NEMA suggests that these standards already being collaboratively developed through EMAP be considered in the development of minimum standards for training, exercises and equipment. Additionally, EMAP acceptance would provide the natural mechanism for Federal and state agencies to meet the requirements of the Government Performance Results Act (GPRA). EMAP has already completed a pilot phase in North Carolina and North Dakota is now conducting baseline assessments of all states, some of which wish to pursue accreditation in conjunction with this initial assessment.

Specific Program Needs

As you consider the appropriations bills this year, we ask that you consider other specific needs to: upgrade emergency operations centers; assess, plan, and provide interoperable communications equipment; address the lack of public safety spectrum and radio frequency; provide mutual aid planning assistance; provide Federal funding for state security clearances; provide effective warning systems for all citizens; complete fielding of one National Guard Civil Support Team in every state; and provide funding for upgraded Urban Search and Rescue Teams with Weapons of Mass Destruction capabilities.

NEMA is taking the initiative to develop solutions to some of the issues and concerns of state government related to homeland security with strategic partnerships. On April 1, 2003, NEMA, along with the Adjutants General Association of the United States and Mitretek Systems launched the Center for State Homeland Security. The Center will provide assistance for states in implementing their homeland security missions by facilitating access to the best available tools, information and facilities. The Center will provide direct support to states in key areas where assist-

ance is needed including engineering, analysis, program planning, management, and procurement, in addition to identifying best practices. This project will help states navigate the vast web of information on homeland security and provide a framework for benchmarks to assist with spending accountability.

HAZARD MITIGATION GRANT PROGRAM & PREDISASTER MITIGATION

The Administration's budget proposal to eliminate the post-disaster Hazard Mitigation Grant Program in favor of funding a competitive pre-disaster mitigation program gives NEMA significant concern. While Federal costs towards disasters remain a concern, significant commitments must be made towards both pre-disaster and a fully funded post-disaster mitigation program in order to lower overall disaster costs.

Last year, Congress changed the formula for post-disaster mitigation grants from 15 percent to 7.5 percent. This change limits the availability of funds for post-disaster mitigation and prevents the lessons learned from disasters from being immediately incorporated into mitigation projects to prevent losses of life and destruction of property. As a result, state governments no longer can offer buy-outs or mitigation projects to as many disaster victims. The months immediately following disasters provide unique opportunities to efficiently incorporate risk reduction measures in a very cost-effective manner, in many cases lowering the overall cost of the project by leveraging other funding sources including insurance settlements. We ask that you restore the formula to 15 percent this year and also prevent the program from being eliminated.

The HMGP has proven to be a highly effective tool in steering communities toward risk reduction measures, in many cases breaking repetitive loss cycles that have cost other Federal disaster relief programs multiple times. Cost-benefit analysis is currently a requirement for predisaster mitigation programs. In a purely competitive grant program, lower income communities, often those most at risk to natural disaster will not effectively compete with more prosperous communities. Also, disasters graphically and vividly expose the need for and value of mitigation projects. We must not lose these opportunities to initiate projects to enhance our communities and reduce future disaster costs. Damage caused by disasters would go largely unrepaired thereby further impacting the economic and social recovery of particular areas. There are not enough mitigation dollars available to address all of the vulnerabilities that exist in this country.

Making mitigation funds available only in a predisaster competitive environment will set this country's mitigation efforts back by removing the prime motivation factor, the disaster itself. The Administration's proposal to eliminate post-disaster mitigation programs is not a cost-savings initiative, because disaster costs to the Federal Government would significantly increase as a result of the absence of prevention. Pre-disaster mitigation is essential, but we need to ensure that pre-disaster mitigation corresponds with the Disaster Mitigation Act of 2000 that was passed overwhelmingly by the House and Senate and signed into law.

NEMA calls on Congress to maximize the benefits of both HMGP and predisaster mitigation, while including provisions for increased accountability. NEMA supports increased funding for predisaster mitigation, but maintains that HMGP should be retained as a separate and fully funded post-disaster program.

CONCLUSION

As we work to implement a new Federal Department of Homeland Security, we must not forget about the all-hazards approach to emergency management and the role it plays in preventing our Nation from losing focus on the daily perils that we face in addition to new threats. We must be prudent and thoughtful in addressing the homeland security enhancements to our preparedness and not waste the opportunities we have before us today.

Whether it is a flood in West Virginia, a hurricane in Florida, or tornadoes in Mississippi, states need a Federal commitment to recognize that each state and local government has unique disaster preparedness and response needs that require flexible, predictable, and adequate funding assistance that is coordinated with the state emergency management plan. I thank you for the opportunity to testify on behalf of NEMA and welcome any questions that you might have. Only through a partnership of Federal, State, local government, along with our citizens and businesses, can our country prepare and respond to emergencies and disasters. Thank you for your consideration.

PREPARED STATEMENT OF THE NATIONAL INSTITUTE FOR AGRICULTURAL SECURITY

AGRICULTURAL BIOSECURITY IN RURAL AMERICA

There is a growing concern among security experts that acts of bioterrorism may be more likely than other forms of terrorist attack. America's farms, ranches, forests and our food production systems are vulnerable. In order to ensure continued public confidence in the safety of the food supply, immediate steps need to be taken to strengthen the technology and systems that will prevent and mitigate acts of bioterrorism. Local communities need to be prepared to work with State and Federal agencies to manage the consequences of an attack.

The State Agricultural Experiment Stations and the State Extension Services have a long history of working with State and local communities to address issues of national concern. This Federal State-local partnership has been critical to address the needs of agricultural producers and food processors, and it will be essential to develop integrated and comprehensive national programs for addressing agricultural biosecurity. A series of activities and projects are proposed that address biosecurity concerns in rural America.

SECURING AGRICULTURAL RESEARCH FACILITIES AND AGENTS

Agricultural research facilities contain a vast array of biological and chemical agents that can be accessed and abused. The Agricultural Experiment Stations must develop new practices and procedures for insuring that they can meet emerging university security requirements while coordinating with their Federal laboratory partners to meet a different set of Federal security requirements. Improved security must be developed in a manner that still allows for interaction with the public for whom the research is being performed.

Preventing and Preparing for Agricultural Bioterrorism

The critical time to deal with an act of bioterrorism is before it occurs. Potential vulnerabilities need to be assessed. Local, State and Federal emergency management communications networks need to be developed and tested for use in rural areas to address these new threats. Rural community leaders need to prepare management plans with public health, law enforcement, disaster management agencies. Farmers, ranchers, and foresters need education programs to recognize and respond to potential acts of terrorism, as well as to understand steps they can take to reduce their own vulnerability to attack. New vaccines and protective immunity needs to be developed for animals and crops.

Quickly Detecting Toxic Biological and Chemical Agents

New sensor technologies for plants, animals and microbes need to be developed for detecting specific and broad categories of potential bioweapons. These sensors need to be mobile, broadly distributed, quick in their detection and analysis, and inexpensive. Sensors need to be developed for monitoring farms, ranches and forests to detect and report on the movement and dispersion of biological agents. Sensors must also be developed for identifying food borne pathogens in the food production and distribution system.

Interpreting the Appearance and Movement of Biological and Chemical Agents

Once detected, the pattern of appearance and dispersion of biological agents and food borne pathogens needs to be quickly incorporated into Geographic Information Mapping systems and computer models to determine if a natural event or a terrorist attack has occurred. Mapping and modeling make it possible to determine in hours and days that an event has occurred, making it possible to respond quickly enough to contain and mitigate the attack. Moreover, mapping and modeling make it possible to anticipate the movement of bioweapons through the landscape and the food distribution system, enabling local leaders to take appropriate actions to protect their communities.

Recognizing and Reporting Hazardous Events

In addition to developing new equipment and computer technologies, people need to be trained to recognize the symptoms of biological attacks. Extension agents, veterinarians, and crop consultants need to be trained to recognize biological outbreaks and to know how to communicate appropriately with local and Federal officials. Reporting by individuals and mechanical sensors needs to be integrated into a comprehensive biosurveillance network.

Responding to and mitigating an act of bioterrorism

In the event of an attack, local leaders need to be prepared to make appropriate emergency management decisions. Local public health, law enforcement, and disaster response teams need to be coordinated with prepared processes for informing and managing the public response. Treatment and care must be implemented immediately and appropriately. Early detection and treatment may mitigate most acts of bioterrorism.

THE NATIONAL INSTITUTE FOR AGRICULTURAL SECURITY

The National Institute for Agricultural Security (NIAS) is a nonprofit corporation developed by the State Agricultural Experiment Station Directors in collaboration with the State Extension Services and in consultation with the Colleges of Agriculture. The Institute was developed to address bioterrorism as it impacts U.S. agricultural and food production systems.

Partner Institutions

In addition to working with all State Agricultural Experiment Stations, the NIAS works with and through lead universities to utilize their unique areas of technical and programmatic expertise to address national and regional biosecurity issues. NIAS is currently engaged in discussions regarding the development of specific pilot test projects with a number of universities. Federal Agencies and Appropriation Subcommittees All of the proposed programs described here will be developed in collaboration and coordination with the appropriate agencies within the Department of Agriculture. However, ongoing discussions with an array of agencies has made it clear that the proposed activities and projects should involve new collaboration and partnerships with a number of Federal agencies, including the Department of Homeland Security and the Department of Defense. For example, the agricultural research community needs to build on the security expertise, computer modeling, and biological research capacities that are supported by these departments. The six areas of activity described in this testimony have been designed to complement emerging programs and projects being planned by the Department of Homeland Security's Office of Science and Technology. The intent is to build on the biological work of the Office of Science and Technology through the Federal laboratories and research network, by harnessing the state-based agricultural research network of the State Agricultural Experiment Stations and Colleges of Agriculture. The agricultural research community has expertise and detailed knowledge of local conditions that will be imperative for the new programs being developed within the Department of Homeland Security and ongoing programs in the Department of Defense. Therefore the Appropriations Subcommittees for Homeland Security and the Department of Defense are suggested as the appropriate Committees of jurisdiction.

First Steps

It is understood that there are many urgent and immediate homeland security concerns. However, it is also imperative that the security of our agricultural and food production system not be left unattended. The NIAS, the State Agricultural Experiment Stations, and the State Extension system offer a cost-effective mechanism for harnessing an existing infrastructure of local and state-based research, education and communications capacities that extends throughout the country. This research and extension system provides a trusted communications and facilitation network throughout rural America that should be linked to the emerging programs of the Department of Homeland Security.

Detailed project proposals and budgets have been developed for each of the six areas of activity described previously in this testimony. More detailed resource documents are being provided to appropriate agency officials and will be provided to Congressional staff as appropriate. Each project begins with a developmental or pilot phase, which is then evaluated and adapted before being ramped-up for regional or national implementation.

By way of example, the first area of activity includes the development of national guidelines for securing agricultural research facilities, followed by a national assessment of state-based facilities, to be followed by "hardening" state-based agricultural research facilities nationwide.

Securing agricultural research facilities and agents Agricultural research facilities contain a vast array of biological and chemical agents that can be accessed and abused. The Agricultural Experiment Stations have a unique mix of field and laboratory research with a network of widely dispersed laboratory and field research sites within every State and territory—creating tremendous security challenges for research managers trying to respond to new biosecurity concerns. Several universities and agricultural research facilities have already been the targets of domestic

terrorist attacks. Biological agents have been stolen from agricultural research laboratories. A comprehensive process for securing agricultural research facilities needs to be undertaken immediately. Research security requirements must be consistent nationally, but with flexibility for correct implementation given the unique characteristics of each site.

AES Biosecurity Guidelines

In order to quickly develop agricultural research security practices for the Agricultural Experiment Stations, the National Institute for Agricultural Security (NIAS) will convene panels of security and research experts to develop draft "AES Biosecurity Guidelines." These guidelines will outline suggestions for (1) biosecurity site assessments, (2) policies for managing personnel access to research facilities and equipment, (3) developing new personnel training programs, and (4) managing access to sensitive research information. The expert panels and working groups will seek to include representatives from the appropriate Federal agencies. The workshops will include leaders from the Agricultural Colleges and the Agricultural Experiment Stations, but also field station and laboratory managers. The draft AES Biosecurity Guidelines will be shared with all Experiment Stations through web-based conferences, where each State will have the opportunity to gather the appropriate mix of specialists to review and evaluate the draft guidelines. Several States might be utilized as pilot sites for testing the new guidelines; the selected Experiment Stations would use test the proposed national guidelines to determine what final adjustments might be needed. After testing, all State Agricultural Experiment Stations could utilize the national guidelines to conduct site security assessments, develop new personnel guidelines, and to develop new training programs. After completing the site security assessments, each institution would be able to clearly define local security enhancements that would be needed to reach a consistent national standard of security for field and laboratory research facilities and equipment.

Closing

The National Institute for Agricultural Security will strive to facilitate collaboration between the state-based agricultural research and extension communities and our Federal partners to address biosecurity and agricultural security concerns. The Institute stands ready to provide any additional information that may be of interest to the appropriate Congressional Committees and offices.

PREPARED STATEMENT OF THE PILOT DISASTER RESISTANT UNIVERSITIES

Chairman Cochran, Ranking Member Byrd, and distinguished members of the Subcommittee, thank you for giving me the opportunity to provide testimony on the Disaster Resistant University initiative and to request continued funding in the fiscal year 2004 appropriations bill of your Subcommittee.

Program Background

The FEMA Disaster Resistant University (DRU) Initiative was created to reduce the potential for large loss of life and hundreds of millions of dollars in key Federal research and billions of dollars in damage from natural disasters. The University of California/Berkeley was the prototype and founding member of the program. In October 2000, FEMA selected five additional universities to join Berkeley in the pilot phase of the program: the University of Alaska/Fairbanks, University of Miami, University of North Carolina/Wilmington, Tulane University, and University of Washington/Seattle. The selected universities have two elements in common: a vulnerability to disasters and a commitment to improve protection of students, faculty and staff, and one of our most valuable assets, intellectual property. The pilot program was funded with $700,000 in grants from predisaster mitigation funds and the U.S. Fire Administration.

Purpose of the Program

The purpose of the program is to help the nation's colleges and universities facing the threat of natural disasters and acts of terrorism to assess their vulnerabilities and find ways to protect the lives of their students, faculty, and staff; their research; and their facilities. It will provide a framework and process for other universities to do the same.

Need for the Program

The Federal Government funds nearly $15 billion in university research annually. This Federal investment in the vital intellectual property of the nation should be protected.

Universities are critical to the economic health of surrounding communities. Their ability to resume operations quickly following a disaster greatly speeds the recovery of the entire community. For example, the University of Miami is the 3rd largest employer in Miami-Dade County and has a $1.9 billion a year impact on the community; the University of Washington is the 3rd largest employer in the state of Washington and has a $3.4 billion impact; the University of North Carolina at Wilmington is the 3rd largest employer in the area and is a $400 million annual benefit to an eight county area; the University of California, Berkeley is the 5th largest employer in the Bay area and generates $1.1 billion annually in personal income in the Bay area; Tulane University is the largest employer in Orleans Parish and the 5th largest in Louisiana with a $1.5 billion gross impact on New Orleans; and the University of Alaska/Fairbanks is the largest civilian employer in the Tanana Valley. In addition, many universities operate medical schools which provide essential clinical services to the residents of their communities and adjacent areas.

Many recent events underscore the need for the program: the loss of many years of research at the Texas Medical Center as result of flooding from Tropical Storm Allison, the earthquake damage to the University of California/Northridge and the University of California at Los Angeles, the facility damage and loss of life at the University of Maryland as result of a tornado, hurricane damage to the University of North Carolina/Wilmington, the earthquake damage to the University of Washington/Seattle, and the declaration by the FBI that our universities are "soft" targets for terrorists.

Status of the Program and Accomplishments

Although no funding was made available in 2002, great progress has been made by the universities with the modest 2001 Federal investment. Participation in the DRU brought high level commitment and a framework for disaster planning and mitigation activities that helped universities focus and enhance efforts to protect their students, faculty, staff, vital research, and facilities.

Each university has made significant improvements in developing awareness campaigns on campus; assessing their risks, vulnerabilities, and mitigation options, prioritizing and implementing some of the mitigation options; updating emergency operations plans; and developing and implementing plans for business continuity. The universities have improved disaster resistant design specifications for buildings and their contents, incorporated disaster resistance into campus master planning, and partnered more closely with governmental and private entities.

These six pilot universities are making strong efforts to protect their collective 120,567 students, 60,214 employees, 1,550 buildings valued at over $11,820,458,000, and $1,600,710,000 in annual research.

In meetings in March with representatives of the DRUs, FEMA staff expressed strong interest in continuing to work on this program. The six participating Disaster Resistant Universities look forward to continuing their progress and to mentoring the six new universities which FEMA will be selecting soon.

Congressional Interest

We very much appreciate the support Congress has given this program the last 2 years. The Conference Report on the VA, HUD and Independent Agencies Appropriations bill for 2002 contained the following language: "The conferees believe that many of the nation's universities are vulnerable to disaster and urge FEMA to continue its Disaster Resistant University program and expand the scope to include safe-guarding university assets from acts of terrorism." [House Report 107–272, page 155]

The Conference Report on the fiscal year 2003 Omnibus bill in the FEMA section of the VA, HUD and Independent Agencies stated the following: The conferees are in agreement that FEMA should continue the Disaster Resistant University program and direct FEMA to carry out the direction contained in House Report 107–740.

House Report 107–740 stated the following: The Committee directs FEMA to continue the Disaster Resistant University Program with grants of $500,000 to each of the six pilot Disaster Resistant Universities and $100,000 each to at least six additional universities, including at least one HBCU, to join the program.

Request for fiscal year 2004

In fiscal year 2003, the program was funded through the Federal Emergency Management Agency section of the VA, HUD and Independent Agencies section of the Omnibus Appropriations Bill. In fiscal year 2004, the program will be under Department of Homeland Security, Directorate of Emergency Preparedness and Response.

We request your consideration of the following language in the fiscal year 2004 Department of Homeland Security Appropriations Bill:

The Committee directs the Department of Homeland Security Directorate of Emergency Preparedness and Response (FEMA) to continue the Disaster Resistant University Program by providing continued support of $500,000 to each of the six pilot Disaster Resistant Universities to implement mitigation projects, $500,000 for each of the new universities added to the program in fiscal year 2003, and $200,000 each to at least six additional universities to join the program in fiscal year 2004.

We again thank you for the opportunity to provide written comment on the need for funding of this important program. We would welcome the opportunity to discuss the program further with your staff.

PREPARED STATEMENT OF THE UPPER MISSISSIPPI RIVER BASIN ASSOCIATION

The Upper Mississippi River Basin Association (UMRBA) is the organization created in 1981 by the Governors of Illinois, Iowa, Minnesota, Missouri, and Wisconsin to serve as a forum for coordinating the five states' river-related programs and policies and for collaborating with Federal agencies on regional water resource issues. As such, the UMRBA has an interest in the budgets for the U.S. Coast Guard and the Emergency Preparedness and Response Directorate within the new Department of Homeland Security.

Transition to the new department is an on-going process that will undoubtedly bring both challenges and opportunities. However, in the current national security environment, it has become more important than ever to ensure that the Coast Guard and the former Federal Emergency Management Agency (FEMA) have the resources they need to fulfill their multiple missions. Both have vital new functions and priorities specifically related to homeland security that must be adequately funded. But both also have other traditional missions that are equally vital to public health and safety, economic well-being, and environmental protection. For the Coast Guard, these include activities such as aids to navigation, vessel and facility inspections, emergency response, and mariner licensing. For the former FEMA, key traditional missions include the National Flood Insurance Program, flood map modernization, hazard mitigation, and response to floods and other natural disasters. Nowhere are these services more important than on the Upper Mississippi River System, which supports a vital link in the inland waterway transportation system, some of the nation's most productive agricultural land, population centers ranging from small towns to major metropolitan areas, and a nationally significant ecosystem.

COAST GUARD

Operating Expenses

A continuing priority for the UMRBA is the Coast Guard's Operating Expenses account. The President's fiscal year 2004 budget proposal includes $4.838 billion for this account, an increase of 10 percent from the fiscal year 2003 enacted level. However, much of this increase is targeted to homeland security and maritime projects, including new Maritime Safety and Security Teams, Sea Marshall positions, and increased search and rescue staffing. These initiatives are important in their own right, and some will undoubtedly help enhance other Coast Guard missions. However, it is also true that there will be increased demands on other mission areas to support security operations.

The Coast Guard's stated objective is to sustain traditional missions near their pre 9/11 levels. These traditional missions are critical to the safe, efficient operation of the Upper Mississippi River and the rest of the inland river system. Under these mission areas, the Coast Guard maintains navigation channel markers, regulates a wide range of commercial vessels in the interest of crew and public safety, and responds to spills and other incidents. The beneficiaries include not only commercial vessel operators, but also recreational boaters; farmers and others who ship materials by barge; and the region's citizens, who benefit enormously from the river as a nationally significant economic and environmental resource.

Even prior to September 11, recent years had brought a number of changes to the way the Coast Guard operates on the inland river system, including elimination of the Second District; closure of the Director of Western Rivers Office; decommissioning the Sumac, which was the largest buoy tender on the Upper Mississippi River; and staff reductions. The states understand that these decisions were driven by the need for the Coast Guard to operate as efficiently as possible, and the states support that goal. However, such changes must be carefully considered and their ef-

fects monitored, particularly in light of the increased demands that we are now placing on the personnel and assets that remain in the region. The UMRBA is quite concerned that staff reductions and resource constraints have combined to impair the Coast Guard's ability to serve as an effective, proactive partner.

Specifically, increased security demands have reduced the staff assigned to vessel inspections and limited the Coast Guard's investigation of reported spills. Sending a single person to conduct vessel inspections reduces the rigor of those inspections, and, in a worst case scenario, potentially puts the inspector at risk. Similarly, electing not to respond to reports of small spills means some of these spills will go uninvestigated and puts increased demands on local officials who do not have the Coast Guard's expertise or resources. Moreover, it could result in costly delays should a spill turn out to be larger than first reported, an all-too-common occurrence. While everyone recognizes the need to adjust to our new security environment, it is essential for the Coast Guard to retain the capacity to perform its traditional missions on the Upper Mississippi River. Temporary adjustments have been necessary as the Coast Guard strives to meet immediate needs, but these should not become long term standard operating procedures. Toward that end, the UMRBA supports the President's fiscal year 2004 budget request for the Coast Guard's Operating Expenses account and urges Congress to ensure that sufficient resources from within this account are allocated to the Coast Guard's inland river work.

Priorities and Procedures in a New Environment

The UMRBA calls on Congress to ensure that the Coast Guard's partners and stakeholders are consulted as decisions are made regarding how to execute traditional missions in the new security environment. For example, the Office of Management and Budget has called for a study of the Aids to Navigation Program to determine whether this function should be privatized. While the states do not oppose such a study per se, we do have reservations concerning the efficacy and efficiency of privatization in this instance. Moreover, it is absolutely essential to fully consider the perspectives of the navigation industry and others who rely on these aids before making any such decision. The states would oppose any fees for aids to navigation or other navigation assistance services. The nation's navigable waterways are a critical part of our transportation infrastructure, just as is the national highway system, and the benefits of the waterways system accrue quite broadly. Therefore, providing the basic services required to operate that infrastructure safely is a fundamental role of government.

The Coast Guard is reportedly considering a range of other potential changes, such as reducing non-security contingency planning, suspending certain safety inspections, reducing some enforcement efforts, and suspending response to spills of up to 500 gallons from domestic vessels. These potential changes could have profound implications, including diminished public and worker safety, increased demands on state and local jurisdictions, and reduced environmental protection. They should not be undertaken without extensive consultation with potentially affected parties.

Boat Safety Grants

The Coast Guard's boat safety grants to the states have a proven record of success. The Upper Mississippi is a river where all types of recreational craft routinely operate in the vicinity of 15-barge tows, making boating safety all the more important. As levels of both recreational and commercial traffic continue to grow, so too does the potential for user conflicts. This is particularly true with major events, such as the upcoming commemoration of the Lewis and Clark expedition, which is expected to draw large numbers of boaters to the St. Louis area, and the Grand Excursion 2004, during which flotillas of boaters will retrace President Millard Fillmore's 1,854 steamboat journey from Rock Island, Illinois to the Twin Cities. Boat safety training and law enforcement are key elements of prevention. In fiscal year 2003, Congress recognized the importance of boating safety, providing $71 million for the state boat safety grants. Unfortunately, this year the Coast Guard continued its long-standing practice of requesting only $59 million for state grants. The UMRBA urges Congress to appropriate the full authorized amount in fiscal year 2004 to the Boat Safety account to support the states in this important mission.

EMERGENCY PREPAREDNESS AND RESPONSE

Hazard Mitigation

Among those programs now administered by the Department of Homeland Security's Emergency Preparedness and Response Directorate, UMRBA is particularly interested in those that help mitigate future flood hazards. Mitigation, which is the ongoing effort to reduce or eliminate the impact of disasters like floods, can include

measures such as relocating homes or community facilities off the floodplain, elevating structures, and practicing sound land use planning. Mitigation planning and implementation measures are essential to reducing the nation's future disaster assistance costs. Given the importance of mitigation, UMRBA supports the new Pre-Disaster Mitigation (PDM) grant program for which Congress provided first-time funding of $150 million in fiscal year 2003 and for which the President has requested $300 million in fiscal year 2004. The UMRBA recognizes that there are concerns about how PDM grant funds will be allocated, including the effect of relying solely on benefit/cost analysis. In addition, there is limited experience in administering the new program. Applications for planning grants ($248,375 per state) are due April 30 and FEMA has yet to issue guidance for the competitive grants. Despite these growing pains of a new program, the PDM grant program holds promise for enhancing communities' ability to prevent future damages, particularly in areas that have—not experienced a major disaster and thus have not had access to post-disaster mitigation assistance through the Disaster Relief Fund. In addition, pre-disaster mitigation assistance is an effective means of meeting the ongoing need in all communities to plan for future floods and reduce their vulnerability before the next flood disaster.

Unfortunately, the Administration's support for the new Pre-Disaster Mitigation program is based on the premise that the existing post-disaster Hazard Mitigation Grant Program (HMGP) will be eliminated. This would be a major mistake. Although the PDM program will be very useful, funding for that program should not come at the expense of the HMGP. The HMGP has been a particularly popular and enormously helpful program. Authorized under Section 404 of the Stafford Act, the HMGP provides grants to states and local governments to implement long-term hazard mitigation measures after a major disaster declaration. Because grant funds are made available during the immediate recovery from a disaster, it offers a particularly attractive option for communities that may not otherwise consider mitigation. It is critical to maintain this post-disaster option, in addition to creating a new pre-disaster mitigation option. Local communities need both. In addition, by retaining the HMGP, mitigation assistance specifically for flood damages would continue to be available to communities that experience disastrous flooding. In contrast, flood mitigation projects under the new pre-disaster program will need to compete for funding with mitigation projects for a wide variety of other potential disasters, thus diminishing the likelihood that flood mitigation needs will be met.

Therefore, UMRBA supports funding of $300 million in fiscal year 2004 for the Pre-Disaster Mitigation grant program and urges Congress to continue to make post-disaster mitigation funding available through the HMGP, by authorizing allocation of the full 15 percent of disaster relief funding to the HMGP.

Flood Map Modernization

UMRBA enthusiastically supports the Administration's proposal to provide $200 million to modernize and digitize Flood Insurance Rate Maps (FIRMs). Among other things, flood maps are used to determine risk-based National Flood Insurance Program premium rates and develop disaster response plans for Federal, State, and local emergency management personnel. However, most flood maps are over 15 years old and are rapidly becoming obsolete. Many flood maps are outdated by the effects of land use changes in the watersheds. When outdated maps underestimate flood depths, it can often lead to floodplain development in high risk areas. It is therefore important that flood maps be updated on an ongoing basis and in a timely way.

The Corps of Engineers will soon complete its Flow Frequency Study, updating the discharge frequency relationships and water surface profiles for approximately 2,000 miles of the Upper Mississippi, Lower Missouri, and Illinois Rivers. This data will have a variety of uses, including updating Flood Insurance Rate Maps used by hundreds of flood prone communities along these rivers. The Corps and FEMA have estimated that 4,237 map panels in the 130 counties along these rivers will need to be revised at a cost of approximately $30 million. Using data from the Corps study will be a far more cost-effective way to update FIRMs than having FEMA independently study flood hazards and update the maps. UMRBA therefore urges Congress to designate funding specifically for the Upper Mississippi flood mapping project and direct FEMA and the Corps to coordinate their efforts to advance FIRM updates.

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