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DEPARTMENT OF HOMELAND SECURITY PREPAREDNESS GRANTS: RISK BASED OR GUESS WORK?

HEARING

BEFORE THE

COMMITTEE ON HOMELAND SECURITY
U.S. HOUSE OF REPRESENTATIVES

ONE HUNDRED NINTH CONGRESS

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DEPARTMENT OF HOMELAND SECURITY PREPAREDNESS GRANTS: RISK BASED OR GUESS WORK?

Wednesday, June 21, 2006

U.S. HOUSE OF REPRESENTATIVES,
COMMITTEE ON HOMELAND SECURITY,
Washington, D.C.

The committee met, pursuant to call, at 10:00 a.m., in Room 311, Cannon House Office Building, Hon. Peter King [chairman of the committee] presiding.

Present: Representatives King, Shays, Linder, Lungren, Gibbons, Simmons, Rogers, Reichert, McCaul, Dent, Brown-Waite, Thompson, Sanchez, Markey, Dicks, Harman, Lowey, Norton, Zofgren, Jackson Lee, Pascrell, Christensen, Etheridge, and Langevin.

Also Present: Representatives Fossella, Crowley, and Weiner.

Chairman KING. Morning. The Committee on Homeland Security will come to order. The committee is meeting today to hear testimony on the reduction of terrorism preparedness grants and its potential effects on New York City, the National Capital Region, and our Nation.

I will make a brief opening statement then I will ask the Ranking Member, Mr. Thompson, to make a statement and then we will proceed immediately to our witnesses on the first panel.

I think this morning's hearing is as important as any hearing this committee is going to have, because to me it goes right to the heart of what the purpose of the Department of Homeland Security is and whether or not the Department of Homeland Security is equipped to meet the threats which face our Nation today.

I happen to be from New York, and I actually have a very personal interest in what happens to the city of New York, but this goes far beyond New York City, it goes far beyond Washington, D.C., which is obviously where I also spend a good deal of time, and where I am also a very close neighbor of Mayor Williams. But it goes beyond all this personal—it involves the country as a whole, because on September 11 and since then, the city of New York and Washington, D.C. have symbolized the very essence of threat and risk in our Nation. New York City has been attacked twice, and New York City, as Mayor Bloomberg and Commissioner Kelly will point out, a series of at least 18 attacks or threats against the City of New York over the last decade. This indicates to me and indicates to any rational person that New York City is clearly the number one city at risk in our Nation today. And yet this year the Department of Homeland Security, in making its grants, its homeland

security funding, cut the city of New York by 40%. I said then and I say now, this is a stab in the back to the city of New York. It is indefensible. It was indefensible. It was disgraceful. And to me it raises very, very real questions about the competency of this Department in determining how it is going to protect America.

We have heard one, two, three, four, five, six, seven different explanations, maybe more than that I lost count at seven—as to why the funding was reduced. The bottom line is when you have a city which by the Department's own accounts is the number one city at risk in the Nation today, and then you cut that funding by 40%, that is indefensible.

The Department is entrusted with finding a way to secure the lives of Americans who are most at risk, and when they acknowledge that New York City is the most at risk and then can't find a way to get funding to that city, to me that is a failure and an abdication of responsibility, especially since the city of New York is acknowledged to have one of the foremost police departments in the world, one of the foremost fire departments in the world.

As the Mayor will point out, in the city of New York, we have police officers and Federal officers from all over the country coming to the NYPD for training and counterterrorism. In spite of that, the applications of the city, the fire department, the police department, were ranked almost near the bottom, and yet these are two departments which by all accounts should be at the top, or very near the top in my mind. They are clearly at the top, in deference to Chief Ramsey.

I am not going to pursue the point, but the fact is NYPD and FDNY are certainly examples to the entire world. I know this past January a number of us traveled to Europe, going to London, to Rome, to Madrid. All of the homeland security officials we met with in those countries pointed to New York as the example of what they look for as finding ways to cope with the terrorism. And when I think of all of the money, all of the effort that New York City puts in, day after day after day, and to see them cut by 40%, I have said then and I say now, this is to me a dark day in the Department of Homeland Security. It is one from which I am not certain the current leadership can recover. I think it is, just again, totally indefensible.

So I look forward to the hearing today because Mayor Bloomberg accompanied by Commissioner Kelly, and Mayor Williams accompanied by Chief Ramsey, will lay out exactly what the cities have gone through, what their cities are doing in an attempt to stave off threat of international terrorism, and how as a result of this arbitrary and wrong decision by the Department of Homeland Security they are going to be impacted both this year and over the next several years. So I look forward to the testimony.

I really thank Mayor Bloomberg and Mayor Williams for being here. Chief Ramsey, Commissioner Kelly, thank you for what you are doing to protect the citizens that you represent. And, again, I want you to know that you have very, very strong support from, I believe it is fair to say, a majority of members of this committee and even in the United States Congress as to what happened last month when those funding cuts were enacted.

And with that, I will now recognize the gentleman from Mississippi, the Ranking Member of the full committee, Mr. Thompson.

Mr. THOMPSON. Thank you very much, Mr. King. And I welcome the witnesses to this very important hearing today. Mr. Chairman, ever since its inception, the Department of Homeland Security has been tinkering with the formula it uses to dole out homeland security dollars, hoping to get it right. Unfortunately, as this hearing will demonstrate, the Department has not yet gotten it right.

Mr. Chairman, America can't wait for the Department to use a "try and try again" approach to homeland security. This is especially true in the grant-making process. Many of us knew that the Department was on the road to failing again when it announced the cities eligible for the Urban Areas Security Initiative program. Large, high-risk cities such as Las Vegas and San Diego were not among the top 35 cities eligible. With everything we have heard from this administration about the terrorists, how they hate the United States for our values and they want to pick targets that are of symbolic value, you would think that Las Vegas, the entertainment capital of our country, would at least make the top 35.

With all the recent talk coming from many in this House about security risks we face on illegal immigrants coming across our southern border, you would think that San Diego, 20 miles from the world's busiest port of entry, would make the top 35.

One excuse that Secretary Chertoff has used for explaining the cuts is to blame Congress. Now, George Washington Carver once said that 99 percent of the failures come from people who have a habit of making excuses. The Department probably is to blame for 99 percent of the Washington grant fiasco, but I think Congress has some responsibility here too. The Urban Areas Security Initiative program was cut by $120 million in fiscal year 2006. The State Homeland Security Grant program was slashed by $550 million. It seems to me that regardless of what formula we use, if we don't properly fund these programs, our first responders are not going to have what they need to do their job.

Finally, I think the Department's blunders are completely out of control and growing. Last week, Mr. Chairman, I requested that Mr. Chertoff and Mr. Jackson be called before this committee to explain the massive waste, fraud, and abuse and incompetence at the Department. I want to repeat that request today. They should not be allowed a free pass when lower-level officials, both political and career, are put on the hot seat. Just last week we have seen the Department claim that a letter didn't exist, only to find the letter Friday afternoon after Congress had adjourned.

We have seen a Department tepidly defend itself against the findings of a GAO report which said that there were many excesses of $100 billion in individual assistance fraud in the wake of Hurricane Katrina and Rita. This report did not include the hundreds of millions of dollars in no-bid contracts the Department gave to its friends. And now the Department is defending a process which challenges conventional wisdom.

Given the factors of the Department's poor track record, this committee must conduct aggressive oversight and bring the leadership responsible for the Department's problem before us. Other-

wise, it will look like the Department is just doing bad business, as usual.

Thank you, Mr. Chairman. And I look forward to the speakers, but I also look forward to having our Secretary and/or his deputy before this committee to answer some questions. And I yield back.

Chairman KING. I thank you, Mr. Thompson, and I would assure you that we will be calling Secretary Chertoff before this committee for a number of issues, including Shirlington Limousine which is a separate issue, but you and I have discussed it, and I believe it is a very, very significant issue.

Chairman KING. I would now like to ask the gentleman from Staten Island, Brooklyn, Congressman Fossella, to introduce Mayor Bloomberg.

Mr. FOSSELLA. Thank you, Chairman King and Ranking Member Thompson, all members of the Homeland Security Committee. First, let me thank you, Mr. Chairman, Mr. Thompson. Mr. Chairman, you have been a great spokesperson and a great leader on all issues relating to homeland security, especially the recent debacle as has been referenced in terms of homeland security funding.

It is my pleasure to introduce to the committee the Mayor of the city of New York, the Honorable Michael Bloomberg. Mayor Bloomberg is a tireless advocate for New York City and has done a tremendous job ensuring New Yorkers can go about their daily lives without living under the constant fear of another terrorist attack. Mayor Bloomberg's vigilance has been confirmed in the recent conviction of the Herald Square bombing plot. Furthermore, the Mayor has been a leader in the struggle for more rational distribution of homeland security funds since day one. He, working with the entire New York delegation and others, helped get the Urban Security Initiative program started to begin with.

I know the Mayor has come to Washington many times to meet with both Congress and the executive branch to push for risk-based homeland security funding because lives are truly at risk; not just the millions of people who live in New York City, but the many, many more millions who come and visit on an annual basis. I am confident the testimony today will bring light for the committee and for the country, while New York deserves its full and fair share of homeland security funding.

Also, I would like to introduce Commissioner Ray Kelly, the Police Commissioner of the City of New York, as someone who represents, as you mentioned Staten Island and Brooklyn, home to thousands of police officers, the greatest in the country. I know that Mayor Kelly—Commissioner Kelly has done an outstanding job standing side by side with Mayor Bloomberg. Appointed by Mayor Bloomberg, Commissioner Kelly is the first person to hold the post for the second separate tenure. Among his many duties, Commissioner Kelly oversees the police department's antiterrorism efforts through both the counterterrorism unit and intelligence unit of the New York City Police Department.

Among many operations and exercises, Operation Atlas enables the police department to mount a coordinated defense of the city. I applaud his efforts in leading New York City Police Department to be recognized as the best antiterror police force in the country, and, I would say, the world. No city faces the risk that New York

City does. The Mayor and Police Commissioner deserve our thanks for creating innovative strategies to prevent terrorist attacks, to keeping the boots on the ground, and I look forward to their testimony. Thank you, Mr. Chairman.

Chairman KING. Thank you, Congressman Fossella.

Chairman KING. I will now recognize Mayor Bloomberg. Mayor Bloomberg, we generally have a 5-minute rule here, but I have discussed this with the Ranking Member, and due to the importance of this topic, you and Mayor Williams will allow—it is your discretion as to how long you wish to testify. And then we will proceed to ask you questions.

Anyway, the Chair is now privileged to recognize Michael Bloomberg. The Mayor of the city of New York is recognized.

STATEMENT OF THE HON. MICHAEL BLOOMBERG, MAYOR, CITY OF NEW YORK, NEW YORK

Mayor BLOOMBERG. Chairman King and Congressman Thompson, members of the committee, thank you and good morning. I promise I won't talk for more than an hour and a half.

One thing that Congressman Fossella failed to mention when he described Police Commissioner Kelly's experience, he not only has been the Commissioner of the NYPD twice, he has held every single rank in the New York City Police Department, starting out as a cop on the beat and working his way up. So certainly his experience in how to provide the kind of security the city needs is without parallel.

Let me thank you, Chairman King, for calling this hearing. It is more evidence, I think, of your long standing principled determination to make risk and threat the basis for homeland security funding. Today's hearing is entitled, "DHS Preparedness Grants: Risk-Based or Guess-Work?" That question I think certainly captures the sense of bafflement produced by DHS's recent allocation of Urban Areas Security Initiative funds, or AISI funds, for fiscal year 2006.

New York City and Washington, D.C, represented this morning by my colleague and copanelist and friend, Mayor Anthony Williams, have been and continue to be the Nation's prime targets for terrorist attack. New York is the Nation's financial capital, its media center, and the headquarters of the United Nations, for which the NYPD provides security and for which services our city is currently owed some $75 million by the U.S. State Department. This is debt that has accumulated over the years. Perhaps this is what the critics of the United Nations are referring to when they rile against deadbeats at the United Nations.

Our prominence explains why the streets of lower Manhattan were the first battleground, and the war on terror and New York City and the Nation's Capital remain the only American cities to have sustained terrorist attacks originating from overseas.

The written testimony that I am submitting to the committee discusses 18 separate planned, attempted, or successful attacks in New York City, 18 in our city's history with terrorism. They go back to 1990, and include al Qaeda's abortive plot, according to recent reports, to release deadly cyanide gas in our subway system in early 2003.

Yet, despite this history, DHS's grant allocation reduces Federal support for vital antiterrorist activities in New York City by 40 percent. This is $83 million less than we received from DHS last year. The logic of that is, to borrow the words of Winston Churchill, truly a riddle wrapped in a mystery inside an enigma. That is not because there has been any shortage of explanations from DHS. On the contrary, we have heard an abundance of them. But none has satisfactorily answered the question: How could a rational process produce such a dysfunctional conclusion?

The Department of Homeland Security was created in November 2002. From the outset, New York City has energetically taken the lead before Congress, at the White House, and in testimony to the 9/11 Commission. In arguing DHS grants, the localities should be allocated solely on the basis of threat and risk. Former DHS Secretary Tom Ridge repeatedly told us that those were the criteria he would apply to local funding if he were freed from congressional restrictions, that DHS funds be allocated using a per capita formula.

In response to our arguments, the UASI program was established in fiscal year 2003. It has always been intended for high-threat cities. New York City and Washington, D.C. were originally on a list of just seven such high-risk cities. But in typical fashion, that number subsequently ballooned to 50, and, in this fiscal year, stands at 46. Is this the spirit of high-threat allocation? No. Instead, it makes the program the exact kind of political pork barrel it was specifically designed to avoid, contributing to the preposterous underfunding of homeland security in New York City for the current fiscal year.

It is a typical example of say one thing for the press avail and do something quite different. And it makes the fiscal year 2005 Department Secretary's discretion to avoid 60 percent of homeland security block grant money based on risk a sad joke. This was to be a step forward, although we continue to believe that all homeland security grants should be based solely on risk, but the redefining of risk to include something for everyone leads us right back where we started.

Now, I applaud this committee's decision to review the entire decision-making process and methodology used by DHS in awarding its grants, because it is a process that appears to be fundamentally broken. I suggest you take a wide-ranging approach to reassess the example for—to reassess, for example, the role of the peer review panels that evaluated funding applications. I urge you to ask if by reviewing requests to protect more than a quarter million critical infrastructure facilities across the Nation, the DHS committed the classic error of losing sight of the forest for all those trees. Just because a facility is critical doesn't make it a likely target, and that is the test that ought to be met in allocating high-risk funds.

I also hope you will also revisit Congress's prohibition on using DHS funds for so-called target-hardening construction projects that would make infrastructure installations less vulnerable to attack. Isn't prevention what we should be striving for in response to a fallback position?

I would especially ask you to focus on DHS's clearly and frequently stated predisposition against providing grants to support recurring costs, what they choose to call supplanting local effort.

For New York City, this is really the heart of the matter. This bias on the part of DHS penalizes us for our aggressiveness and diligence in protecting our city. To better protect New York City, we will invest close to a billion dollars over the next 4 years in counterterrorism initiatives. From hardening our bridges and upgrading our communications infrastructure to implementing a comprehensive security plan for the lower Manhattan financial district, these projects are crucial to protecting all New Yorkers.

In addition, to guard our city against terrorist attacks, we already spend more than $250 million per year of our taxpayers' money in annual operating expenses. In the face of such substantial needs, DHS's refusal to pay recurring costs puts unnecessary burdens on our city.

After 9/11, for example, New York City very sensibly increased aerial surveillance of our watershed reservoirs, but DHS has denied requests for funds to support this program on the grounds that since New York City has been covering the costs ourselves, we can just continue to do so. Under that reasoning, if we had been negligent and had not stepped up these surveillance flights, than we would now be eligible for Federal funds to start them, a prime example of dysfunctional bureaucratic logic.

As I have said repeatedly, we will do everything possible to protect our city and then find a way to pay for it. But having the Federal Government penalize us for doing what is right is hardly a sensible national policy. DHS's bias against supporting recurring local costs punishes New York City for the effectiveness of all of our locally funded counterterrorism and intelligence activities, efforts which have been deemed models for the Nation by former Secretary Ridge, FBI Director Robert Mueller, and other leaders in the counterterrorism community, both inside and outside of government. I would argue that they are better qualified to judge the effectiveness of our efforts than are members of a peer review panel who may not live in major urban areas.

In particular, consider two of the NYPD's key initiatives. First, its Counterterrorism Bureau, which is so highly regarded that it has provided training to more than 800 Federal employees including employees of the Department of Homeland Security. And second, there is Operation Atlas, which deploys specifically trained and specially equipped patrol units to protect the city's landmarks and critical transportation and financial infrastructure.

The effectiveness of such security was demonstrated in 2003. After repeated reconnaissance, an al Qaeda operative called off the attempted sabotage of the Brooklyn Bridge, telling his controllers that "the weather is too hot," a coded reference to the intense security on the bridge and in the waters of the East River. That plot was not foiled by satellite-guided technology or other high-tech equipment. What protected our city was good old-fashioned boots on the ground. And that is precisely why we continue to assign approximately 1,000 of NYPD's best officers to the Department's counterterrorism and insurance—intelligence divisions.

This year we asked DHS to support both the Counterterrorism Bureau and Operation Atlas, but unfortunately we have been told that the Department does not intend to help cover such day-to-day personal expenses. Members of the committee, I hardly know

where to begin in stating my disagreement. But essentially the question is whether you think, as we do, that investment in people is as valuable as purchases of hardware and protecting our country. There is no doubt in my mind what the answer is. Nor is there doubt in the minds of Commissioner Kelly or other experts in the realm of counterterrorism and counterintelligence or terrorism, or in the minds of the American people. The only doubt seems to arise from the bureaucratic "group think" at DHS which has produced such a nonsensical conclusion. Time and again, human intelligence has disrupted terrorism planning from a plot to bomb a major subway station in our city during the 2004 National Republican Convention to the conspiracy revealed earlier this month to attack targets in Ontario, Canada.

To make the most of human intelligence, we must train police officers throughout their careers how to contend with emerging threats and how to use the equipment that Federal funds may purchase, and we need ongoing Federal partnership in that effort.

It is clear to me that we are still too slow in learning the most basic lesson of 9/11, that we now live in a fundamentally altered world, one requiring that we think anew and act anew. In the area of homeland security, that means establishing a dynamic partnership for the long haul between Federal and local authorities. We must, for example, recognize that the ongoing and painstaking work of training intelligence analysts in the NYPD is a shared responsibility, one vital to all Americans.

Over the years, we have fought long and hard for the rational allocation of homeland security funds on the basis of risk. Now, sadly, we are losing the ground that we had gained. I hope this hearing begins the process of setting things right again. Thank you very much.

Chairman KING. Thank you, Mayor Bloomberg.

[The statement of Mayor Bloomberg follows:]

PREPARED STATEMENT OF THE HONORABLE MAYOR MICHAEL R. BLOOMBERG

Chairman King; Congressman Thompson; members of the committee: Good morning. Thank you for inviting me to testify before you, and let me introduce to the members of the committee New York City's Police Commissioner, Raymond Kelly.

I want to thank you, Chairman King, for calling this hearing. It's more evidence of your longstanding, principled determination to make risk and threat the basis for Homeland Security funding.

Today's hearing is entitled ″DHS Preparedness Grants: Risk-Based or Guesswork?″ That question certainly captures the sense of bafflement produced by DHS's recent allocation of Urban Area Security Initiative, or ″UASI,″ funds for Fiscal Year 2006.

New York City and Washington DC-represented this morning by my colleague and co-panelist, Mayor Anthony Williams-have been, and continue to be, the nation's prime targets for terrorist attack.

New York is the nation's financial capital. its media center. and the headquarters city of the United Nations, for which the NYPD provides security, and for which services our city is currently owed some $75 million by the U.S. State Department. This is debt that has accumulated for years; talk about ″deadbeats″ at the UN!

Our prominence explains why the streets of Lower Manhattan were the first battleground in the war on terror. And New York City and the nation's capital remain the only American cities to have sustained terrorist attack originating from overseas.

The written testimony that I am submitting to the committee discusses 18 separate planned, attempted, or successful attacks in New York City-18 chapters in our city's history with terrorism. They go back to 1990, and include al-Qaeda's aborted

plot-according to recent reports-to release deadly cyanide gas in our subway system in early 2003.

Yet despite this history, DHS's grant allocation reduces Federal support for vital anti-terrorist activities in New York City by 40%. This is $83 million less than we received from DHS last year.

The logic of that is, to borrow the words of Winston Churchill, truly ″a riddle, wrapped in a mystery, inside an enigma.″

That's not because there has been any shortage of explanations from DHS; on the contrary, we've heard an abundance of them. But none has satisfactorily answered the question: ″How could a rational process produce such a dysfunctional conclusion?″

The Department of Homeland Security was created in November, 2002. From the outset, New York City has energetically taken the lead-before Congress, at the White House, and in testimony to the 9/11 Commission-in arguing that DHS grants to localities should be allocated solely on the basis of risk and threat.

Former DHS Secretary Tom Ridge repeatedly told us that those were the criteria he would apply to local funding if he were freed from Congressional restrictions that DHS funds be allocated using a per capita formula.

In response to our arguments, the UASI program was established in Fiscal Year 2003. It has always been intended for ″high-threat″ cities. New York City and Washington DC were originally on a list of just seven such high-risk cities.

But, in typical fashion, that number subsequently ballooned to 50, and, in this fiscal year stands at 46. Is this the spirit of ″high-threat″ allocation? No! Instead, it makes the program the kind of political pork barrel it was specifically designed to avoid, contributing to the preposterous under-funding of Homeland Security in New York City for the current fiscal year.

Also because of our efforts, in Fiscal Year 2005, the Department's Secretary was given discretion to award 60% of Homeland Security block-grant money based on risk. This was a step forward, although we continue to believe that all Homeland Security grants should be based solely on risk.

I applaud this committee's decision to review the entire decision-making procedure and methodology used by DHS in awarding its grants, because it is a process that appears to be fundamentally broken.

I suggest you take a wide-ranging approach-to reassess, for example, the role of the peer review panels that evaluated funding applications.

I hope you will also revisit Congress's prohibition on using DHS funds for so-called ″target hardening″ construction projects that would make infrastructure installations less vulnerable to attack.

I urge you to ask if, by reviewing requests to protect more than a quarter-million ″critical″ infrastructure facilities across the nation, DHS committed the classic error of losing sight of the forest for all those trees. Just because a facility is ″critical″ doesn't make it a likely target-and that's the test that ought to be met in allocating ″high-threat″ funds.

I would especially ask you to focus on DHS's clearly and frequently stated predisposition against providing grants to support recurring costs-what they choose to call ″supplanting″ local effort.

For New York City, this is the heart of the matter. This bias on the part of DHS penalizes us for our aggressiveness and diligence in protecting our city.

To guard our city against terrorist attack, we spend more than $250 million per year of our taxpayers' money in annual operating expenses. In addition, to better protect New York City, we need to invest close to $1 billion over the next four years in counter-terrorism initiatives. From hardening our bridges and upgrading our communications infrastructure to implementing a comprehensive security plan for the Lower Manhattan financial district, these projects are crucial to protecting all New Yorkers.

In the face of such substantial needs, DHS's refusal to pay recurring costs puts unnecessary burdens on our city. After 9/11, for example, New York City very sensibly increased aerial surveillance of our watershed reservoirs. But DHS has denied requests for funds to support this program on the grounds that, since New York City has been covering the costs ourselves, we can just continue to do so.

Under that reasoning, if we'd been negligent, and not stepped up these surveillance flights, then we'd now be eligible for Federal funds to start them-a prime example of dysfunctional bureaucratic logic.

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That plot was not foiled by satellite-guided technology or other high-tech equipment; what protected our city was good old-fashioned ″boots on the ground.″ And that is precisely why we continue to assign approximately 1,000 of the NYPD's best officers to the department's counter-terrorism and intelligence divisions.

This year, we asked DHS to support both the Counter-Terrorism Bureau and Operation Atlas. But unfortunately, we have been told that the Department does not intend to help cover such day-to-day personnel expenses.

Members of the committee, I hardly know where to begin in stating my disagreement. But essentially, the question is whether you think, as we do, that investments in people are as valuable as purchases of hardware in protecting our country.

There is no doubt in my mind what the answer is. Nor is there doubt in the minds of Commissioner Kelly, or other experts in the realm of counter-intelligence and terrorism, or in the minds of the American people. The only doubt seems to arise from the bureaucratic ″group think″ at DHS, which has produced such a nonsensical conclusion.

Time and again, human intelligence has disrupted terrorist planning, from the plot to bomb a major subway station in our city during the 2004 Republican National Convention, to the conspiracy revealed earlier this month to attack targets in Ontario, Canada.

To make the most of human intelligence, we must train police officers throughout their careers in how to contend with emerging threats, and how to use the equipment that Federal funds may purchase. And we need ongoing Federal partnership in that effort.

It's clear to me that we are still too slow in learning the most basic lesson of 9/11: That we now live in a fundamentally altered world, one requiring that we think anew and act anew.

In the area of Homeland Security, that means establishing a dynamic partnership, for the long haul, between Federal and local authorities. We must, for example, recognize that the ongoing and painstaking work of training intelligence analysts in the NYPD is a shared responsibility-one vital to all Americans.

Over the years, we have fought long and hard for the rational allocation of Homeland Security funds on the basis of risk. Now, sadly, we are losing ground we have gained. I hope that this hearing begins the process of setting things right.

ATTACHMENT 1

History of New York City and Terrorist Activities

New York City's recent history with terror threats and attacks, as summarized below, belies any thought that the time has come to reduce our vigilance:

1. November 5, 1990: El Sayyid Nosair shot JDL leader Meir Kahane in front of the Marriot East Side Hotel in Manhattan. Nosair would later become a co-conspirator with blind sheikh Omar Abdul Rahman in a plot to destroy New York City tunnels and bridges.

2. February 26, 1993: New York City sustained the first terrorist attack on the World Trade Center, in which six innocent people were killed.

3. In the same year, 1993, an al Qaeda plot to destroy the Holland and Lincoln tunnels, the George Washington Bridge, and United Nations Headquarters was uncovered, and the plotters successfully prosecuted.

4. March 1, 1994: Rashid Baz, a Palestinian angered by an Orthodox Jew's attack on a Muslim holy site, drove his livery cab to the Brooklyn Bridge where he opened fire on a van occupied by Hassidic students, killing one of them - 16-year-old Ari Halberstam.

5. February 23, 1997: Abu Kamel, a Palestinian residing in Florida, selected the Empire State Building to carry out his intent of ″annihilating″ perceived enemies.

He went to the observation deck on the 86th floor and shot seven people, including a Danish tourist who was killed. Kamel then turned the gun on himself and committed suicide.

6. July 31, 1997: the New York City Police Department stopped a plot at the last minute to bomb the subway complex at Atlantic Avenue in Brooklyn. The bombers were assembling the devices when police officers entered their apartment and shot and wounded them before they could detonate the bombs.

7. September 11, 2001: The World Trade Center was destroyed by al Qaeda with the loss of 2,700 lives.

8. October 2001: In the space of a week, employees and visitors of the New York Post, NBC, CBS, and ABC News in New York City fall victim to anthrax attacks. Later the same month a New York City woman died of inhalation anthrax because of cross contamination of mail she handled at work with that of the targeted media.

9. June 2002: Security personnel from Iran's Mission to the United Nations were observed by NYPD videotaping landmarks and infrastructure. They were expelled from the United States by the State Department because of their suspicious activities.

10. Late 2002 and early 2003: Al Qaeda operative Iyman Faris, on orders from his handlers overseas, twice examined the Brooklyn Bridge to evaluate the feasibility of destroying it.

11. Early 2003: According to published reports, United State authorities were concerned that Al Qaeda operatives had made plans to carry out a chemical attack on the New York City subway system, but American intelligence authorities concluded that the plot ultimately had been abandoned. The alleged attack called for using an improvised device to release cyanide into subway cars or other public spaces.

12. November 2003: Two more security personnel assigned to Iran's Mission to the United Nations were caught by the NYPD video taping tracks and tunnel of the Number 7 subway line as it entered the tunnel under the East River. They returned to Iran soon after the incident.

13. April 10, 2004: Al Qaeda operative Mohammad Babar was arrested by NYPD detectives and FBI agents in Queens, New York for his role in a plot to bomb pubs, restaurants and train stations in London.

14. June 2004: Once again, two more security personnel from Iran's Mission to the United Nations were caught - this time by the FBI - videotaping sensitive locations in New York. Suspected of conducting reconnaissance of New York City landmarks and infrastructure, they were again expelled by the State Department.

15. July 2004: A laptop computer of an al Qaeda operative overseas is recovered. On it are detailed reconnaissance plans that show al Qaeda operatives had been in New York City to plan an attack on the New York Stock Exchange, Citigroup headquarters in mid-town Manhattan and the Prudential building across the river in Newark.

16. August 2004: A week before the convening of the Republican National Convention two Islamic radicals from Brooklyn were arrested in a plot to bomb the Herald Square subway station. One pleaded guilty and cooperated with the investigation. The other was convicted in Federal court earlier this month. He was found guilty on all four counts.

17. November 2005: Uzair Paracha, a Pakistani-born resident of New York City, was convicted of providing material support to al Qaeda. While residing in New York, Uzair posed as an al Qaeda operative who wanted to disguise the fact that he had entered Pakistan illegally. Paracha's father, who had met Osama Bin Laden, was part owner in a Manhattan garment district business. It was suspected that Paracha's ultimate goal was to use that business's shipping containers to smuggle weapons and explosives into New York City

18. And finally only a few weks ago, on June 6: Syed Hashmi, a Queens resident active in the New York City chapter of a radical Islamic group known as al-Mujairoun, was arrested in London where he was engaged in providing material support for al Qaeda fighters in Afghanistan.

ATTACHMENT 2

Urban Area	2006	2005	Percentage Change
Phoenix	$3,920,000	$9,996,463	-60.79%
Anaheim/Santa Ana*	11,980,000	19,825,462	-39.40
Bay Area, CA*	28,320,000	33,226,729	-14.50
Los Angeles/Long Beach	80,610,000	69,235,692	13.80
Sacramento	7,390,000	6,085,663	17.30
San Diego	7,990,000	14,784,191	-46
Denver	4,380,000	8,718,395	-49.75
National Capital Region—DC	46,470,000	77,500,000	-40.20
Ft. Lauderdale	9,980,000	N/A	.....
Jacksonville	9,270,000	6,882,493	26
Miami	15,980,000	15,828,322	0.95
Orlando	9,440,000	N/A	.....
Tampa	8,800,000	7,772,791	11.50
Atlanta	18,660,000	13,117,499	29.60
Honolulu	4,760,000	6,454,763	-26.47
Chicago	52,260,000	45,000,000	13.80
Indianapolis	4,370,000	5,664,822	-13.10
Louisville	8,520,000	5,000,000	41.20
Baton Rouge	3,740,000	5,226,495	-28.57
New Orleans	4,690,000	9,305,180	-49.50
Boston	18,210,000	26,000,000	-28.57
Baltimore	9,670,000	11,305,357	-14.53
Detroit	18,630,000	17,068,580	8.26
Twin Cities	4,310,000	5,763,411	-25.37
Kansas City	9,240,000	8,213,126	11.50
St. Louis	9,200,000	7,040,739	23.66
Charlotte	8,970,000	5,479,243	39.02
Omaha	8,330,000	5,148,300	38.27
Jersey City/Newark*	34,330,000	19,172,120	44.13
Las Vegas	7,750,000	8,456,728	-8.26

Urban Area	2006	2005	Percentage Change
Buffalo	3,710,000	7,207,995	-48.45
New York City	124,450,000	207,563,211	-40.12
Cincinnati	4,660,000	5,866,214	-20.63
Cleveland	4,730,000	7,385,100	-35.90
Columbus	4,320,000	7,573,005	-42.86
Toledo	3,850,000	5,307,598	-27.54
Oklahoma City	4,102,000	5,570,181	-26.47
Portland	9,360,000	10,391,037	-9.90
Philadelphia	19,520,000	22,818,091	-14.53
Pittsburgh	4,870,000	9,635,991	-49.50
Memphis	4,200,000	N/A	.....
Dallas/Ft. Worth*	13,830,000	19,283,018	*-28.06
Houston	16,670,000	18,570,464	-9.90
San Antonio	4,460,000	5,973,524	-25.37
Seattle	9,150,000	11,840,034	-22.49
Milwaukee	8,570,000	6,325,872	25.93
	$710,622,000	**$824,583,899**	
*Urban areas were combined in FY06, but were funded individually in FY05.			

ATTACHMENT 3

New York City UASI Application Summary

In December of 2005, OMB sent a memorandum to the affected City agencies explaining a new competitive process that was required by DHS for Federal Fiscal Year 2006 Homeland Security grant funding. Each agency conducted a comprehensive survey of the counter terrorism needs for their department, and prepared a submission.

After receiving input from the agencies, NYC OMB prepared a total of 15 proposed ″investments,″ the term used by DHS to describe the initiatives for which funding is sought. The City's application sought a total of $458.8 million. The categories of investments were:

$81.5 million for the Lower Manhattan Security Initiative;
$100 million for the Counter Terrorism Bureau and Operation Atlas; and
$38.2 million for Counter Terrorism equipment and training.
$27.4 million for FDNY Tiered Response Matrix for response to CBRNE and other disasters
$13 million to Continue FDNY implementation of NIMS and the National Response Plan
$5.5 million for FDNY Critical Resource Logistics and Grant Program Management
$7.7 million for FDNY Critical Infrastructure Protection and Recovery
$6 million for FDNY Strategic Management and Planning

$12 million for FDNY: Protection of the Waterfront (Critical Infrastructure Protection)
$82 million for Interoperable Communications
$40 million for DOT East River Bridge Hazard Mitigation Program
$21.3 million for DoHMH: Enhance Public Health Response Capacity
$10.8 million for NYC HHC: Public Hospital Preparedness and NIMS Training
$8.5 million for NYC DEP: Critical Infrastructure Protection and HazMat
$3.8 million for NYC OEM Citizen Preparedness and Public Outreach
Upon receipt of the City's grant application, the State Office of Homeland Security forwarded the application to DHS properly and on time.

Chairman KING. I now will recognize the gentlelady from the District of Columbia, Eleanor Holmes Norton, to introduce my friend and neighbor, Mayor Williams.

Ms. NORTON. Thank you very much, Mr. Chairman. Mayor Tony Williams was the appointed Chief Financial Officer before he was elected Mayor of the District of Columbia almost 8 years ago. That is not the usual job track to become mayor of a city like this. Mayor Williams intends to leave office this year, and he is going to leave office on the same high note he entered office, a high note of success, deciding not to run for a third term. He lives with a remarkably memorable record. There will be lots to remember him by in this city, and Members, I am not just talking about the Nationals or the new baseball stadium.

Mayor Williams is going to be remembered as the mayor who was the chief actor in the city's rise from the virtual dust to become one of the hottest cities to live in and to do business in. And he will certainly be remembered as the 9/11 mayor for his strong leadership when the National Capital Region was attacked and for his work in helping to secure this city and this region.

So I thank you, Mr. Chairman, for inviting Mayor Williams to offer what is surely a unique perspective on the issues before us today.

Chairman KING. Mayor Williams, you are recognized.

STATEMENT OF THE HON. ANTHONY WILLIAMS, MAYOR, CITY OF WASHINGTON, DISTRICT OF COLUMBIA

Mayor WILLIAMS. Mr. Chairman, thank you for the opportunity to testify. Thank you for your work in this city. I have gotten to know you, as you say, as a friend and neighbor, admire your work, and certainly thank you for this opportunity.

Ranking Member Thompson, thank you as well for your leadership on the committee, and certainly I want to thank my own Congresswoman, Eleanor Holmes Norton, for her work in this Congress where I think she does a fantastic job for our city, even though she is denied a voting role in the Congress.

I am joined today by Ed Reiskin, my Deputy Mayor For Public Safety and Justice as well as Chief Charles Ramsey of the Metropolitan Police Department. The three of us will be available to answer your questions. I also want to recognize my colleague and friend, Mayor Bloomberg, as well as Commissioner Kelly, and, as I always do in whatever setting, whether I am in front of him or not, commend Mayor Bloomberg for the fantastic job I think he has done in New York City. He really is an example for all of us as mayors, what we can do with our cities. So thank you, Mayor, for the leadership you are providing in this area, in the area of public

safety, a couple weeks ago with gun violence, and in so many different areas.

Indeed, Mr. Chairman, as you have remarked and Congresswoman Norton has remarked, September 11, 2001 really did signify a new day, and with that new day came a requirement for a significantly heightened level of capability to respond to disasters and major events. This requirement was especially true here in the region where one of the hijacked planes struck its intended target in the Pentagon and here in the District where the fourth plane was heading. Soon thereafter, the targeting of the Nation's capital via the anthrax attack further demonstrated the risk faced by the Nation's capital; indeed, by the U.S. Capitol complex.

We responded quickly and aggressively in the District, aided by $169 million in Federal funds. We enhanced existing systems and developed new capabilities to respond and to prevent terrorist attacks. We upgraded our operation centers and response plans. We purchased equipment for and provided training to our first responders. We expanded our radio network coverage so it would work throughout the District, including inside of buildings and even underground in the Metro system.

In the region, I joined with the Governors of Maryland and Virginia in developing and signing a joint statement to pursue "Eight Commitments to Action," we called it, to improve the coordination in preventing, preparing for, and responding to a terrorist attack. The significant local and Federal funds that have enabled us to build and sustain capability might beg the question of whether more resources are needed. I think the answer to that question is clearly and emphatically a yes. Preparedness, as we have heard from Mayor Bloomberg and as I think this committee knows, is an ongoing dynamic and complex process. We have some of the most experienced professionals in the District and the region working every day to improve our safety and security, and their efforts should give comfort to those who live, who work, and who visit here, but we remain, and I emphasize this—we remain a high-risk area, and we have significant unmet needs.

Much of the post-9/11 activity focused on response, but the recent arrests in Canada—and that is just one example—demonstrate the importance of prevention. And I think as Mayor Bloomberg has pointed out the importance of prevention on a human scale, involving real people and intelligence, I think demonstrates that. And I think the current state of the city of New Orleans demonstrates the importance of recovery and the need to address systems and operations people and process there.

In developing, in fact in defending our application for the fiscal year 2006 Homeland Security Grant program, the District identified over $37 million in needs including incident response, critical infrastructure protection, and interoperable communications and mass care.

For the region, we identified more than $250 million in needs, which brings us to the question of risk and effectiveness in this process. The process we undertook to develop our application was defined by a new approach to homeland security funding developed by the Department of Homeland Security. That process was firmly grounded in the national preparedness goal, and it used what was

called a risk-based approach to allocate funds, which all of us in the abstract strongly support.

Who wouldn't support a risk-based approach as opposed to a pork-barrel approach—door number A, risk approach; door number B, pork barrel objective risk approach, who wouldn't? But while we understood that fewer funds were available, we assumed that with a publicly stated commitment to a more risk-based approach, the District and the National Capital Region would receive a higher proportion, if not the amount of the funds than we had in previous fiscal years due to the clearly high level of risk that we face, which brings us to funding allocation results.

We were therefore surprised, to say the least, to learn 2 weeks ago that the awards to the District and the region were 40 percent less than the previous year. In the District, we received 53.5 percent less in the main State program, the State Homeland Security Grant program, compared to the program's national decline of 50.3 percent. For the District of Columbia, seat of the Federal Government, the Supreme Court, the FBI Headquarters, Homeland Security Operations Center, the Washington Monument—and I could go on and on and on—and countless other key national installations, national icons, critical Federal functions, the Department determined that we faced less risk than 75 percent of the Nation's States and territories. Further, they found that our proposal was in the bottom 50 percent in terms of effectiveness.

To me, the effectiveness assessments are puzzling for two main reasons. First, for both the District and the region, the information provided by the Department of Homeland Security showed almost every element of the proposals to be at or above average. And a senior Homeland Security official told a congressional committee last week emphatically and repeatedly that our proposal was sound.

Second and more noteworthy, the experts who provided the analysis which led to the development of the application and who provided the content for it are among the most experienced managers, planners, and responders in the country. These experts—and I want to emphasize this—these experts have responded successfully to many incidents despite the complex nature of our governance and operation structure here in the National Capital Region due to their high-level of expertise and professionalism and to the extensive coordination and collaboration that occurs here every day.

My conclusion, Mr. Chairman and members of the committee, is that we fully support the intent of the Department to a more objective, transparent and risk-based approach to the allocation of scarce resources. However, we question two fundamental aspects of the process. First, is a risk analysis used by the Department of Homeland Security adequately assessing the relative risks faced by cities and States of our country?. When analysis finds the District of Columbia to be of low risk, which I find astounding, which results in less funding than provided to any other State in the Union, including less populous ones, to me the viability of analysis is questionable.

Second, if the area is high risk but the approach in this proposal was found to be less effective, would the Federal Government not better advance the security of the homeland by working with the

area to improve its approach than by reducing its funding? So I will close with these two points.

First, the National Capital Region will not be less safe and secure and will not face more risk as a result of funding levels considerably lower than last year. We had capabilities in place prior to 9/11 and we have built significant additional capabilities since. Generally speaking, those capabilities are in place and will not—and will not diminish. But second, with the announced funding award, we will not be able to continue to improve our capability and therefore our preparedness, our prevention, as much or as quickly or as necessarily as we had expected.

Regardless of how much funding we receive, we are going to do our best to provide the most professional and expert response possible, and we will continue to endeavor daily to safeguard and secure the National Capital and the region. But I must say the amount of funding announced compared to what we had previously received certainly challenges us at a very, very high level, an unnecessary level, to do just that.

Thank you, Mr. Chairman and members of the committee. I look forward, with the Chief and with Mr. Reiskin, to answer any questions you may have.

Chairman KING. Thank you, Mayor Williams.

[The statement of Mayor Williams follows:]

PREPARED STATEMENT OF THE HONORABLE MAYOR ANTHONY WILLIAMS

Good morning Chairperson King, Ranking Member Thompson, members of the Committee, staff, and members of the public. I am Anthony A. Williams, Mayor of the District of Columbia. Thank you for the opportunity to testify today on the subject of federal homeland security grants, a topic that is of vital importance to the District of Columbia.

In order to discuss the allocation of federal homeland security grants, it is important to understand the context in which they are used. Prior to September 11,2001, we had responded to disasters and supported major events within the District of Columbia and throughout our metropolitan region, known as the National Capital Region. But like it did for everyone else in America and in much of the rest of the world, 911 signified a new day, and with that new day came a requirement for a new and significantly heightened level of capability. This requirement was especially true here in the region, where one of the hijacked planes struck its intended target; and here in the District, where the fourth plane was likely heading. Soon thereafter, the targeting of the nation's capital via anthrax attacks further demonstrated the risk faced by the District of Columbia.

We responded quickly and aggressively. In the District, aided by $168.8 million in Congressionally appropriated funds, we enhanced existing and developed new capabilities to respond to terrorist attacks. We upgraded our operations centers and response plans; we established new emergency functions for law enforcement, fire and rescue, and health; we purchased equipment for and provided training to our first responders; we expanded our radio network coverage so that it would work inside of buildings and underground in the Metro system stations and tunnels.

In the region, I joined with the governors of Maryland and Virginia in developing and signing a joint statement to pursue Eight Commitments to Action to improve coordination in preventing, preparing for and responding to a terrorist incident. By endorsing the Eight Commitments, we established a Senior Policy Group to provide policy and executive level focus to the region's homeland security concerns and to ensure full integration of regional activities with statewide efforts in the District, Virginia, and Maryland. This group was given the collective mandate to determine priority actions for increasing regional preparedness and response capabilities and reducing vulnerability to terrorist attacks.

The District as a city and state, and as part of the National Capital Region, has since been steadily building capability to help us prevent, protect against, respond to, and recover from a terrorist attack or natural disaster. We have had opportunity to put that capability to the test many times since, via planned events such as the

Presidential Inauguration, State of the Union addresses, World Bank/IMF meetings, as well as via unplanned events, such as Hurricane Isabel and the sniper attacks.

Department of Homeland Security Grant Funds

The Department of Homeland Security, since its inception in 2003, has aided us in improving our preparedness in the District and in the region, including through the allocation of grant funds. The following table summarizes the grants awarded.

	District of Columbia		National Capital Region	
	Award	Percent of total	Award	Percent of total
FY 2003	$17.9M	0.9%	$60.5M	10.3%
FY 2004	18.8M	0.9%	31.9M	4.7%
FY 2005	12.5M	0.9%	77.5M	9.1%
FY 2006	7.4M	0.8%	46.5M	6.3%
Total	56.7M	0.9%	216.4M	7.6%

These funds, which represent significant amounts to be sure, have helped and will continue to help the District and the region enhance preparedness. In the District, the funds have supported training and exercising for numerous disaster scenarios, specialized response vehicles and equipment, and the development of a dedicated, secure, wireless data network. In the region, the funds have supported citizen preparedness education, the development of a syndromic surveillance system to monitor disease in illness, hospital surge beds and equipment, protective gear for first responders, virtual linkage of operations centers, public alert systems, and the development of a regional dedicated, secure, robust interoperable data communications system.

The foregoing examples of how we have invested federal funds to advance preparedness demonstrate the tangible gains the funds have provided. But it is important to note that the lion's share of homeland security funding is provided by us at the state and local level. Local funds primarily support the first responders in the region and their basic equipment. Local funds primarily support the management infrastructure that plans and implements homeland security policy and operations. Local funds primarily support the basic infrastructure upon which all preparedness functions reside. While federal funds provide the critical resources to enhance capabilities, local funds provide their foundation.

The significant local and federal funds that have enabled us to build and sustain capability might beg the question of whether more resources are needed. The answer to that question is clearly yes. Preparedness is a dynamic and complex process. We have some of the most experienced professionals in the District and the region working every day to improve our safety and security and their efforts should give comfort to those who live, work, or visit here. But we remain a high-risk area and we have significant unmet needs across all four mission areas of preparedness: prevention, protection, response, and recovery. Much of the post-911 1 activity focused on response, but the recent alleged terrorist arrests in Canada demonstrate the importance of prevention and the current state of New Orleans demonstrates the importance of recovery. We remain a high risk city and region and we consequently have significant unmet need.

Homeland Security Need

We have worked to assess our level of preparedness in a number of ways so that we can continue to improve and enhance the safety and security of the nation's capital. Last year we undertook strategic planning process for both the District and the region to bring together stakeholders from all levels of government and from the private and nonprofit sectors to chart the course for future preparedness. As part of the grant application process, we evaluated ourselves with respect to over a dozen of the Target Capabilities defined in the National Preparedness Goal. Although the District of Columbia was among the first jurisdictions in the country to receive accreditation as part of the Emergency Management Assessment Process, the entire region recently underwent the assessment process to identify inter-jurisdictional gaps. And both the District and the region participated in the National Plan Review, the results of which were announced just last week, to guide improvements to catastrophic planning capability. As a result of all of these activities, we have identified significant areas of need to make the District and the region safer and more secure.

It is within that larger context that we developed our applications for the FY 2006 Homeland Security Grant Program. We undertook comprehensive, exhaustive processes involving expert practitioners from across the District and region to articulate

the priority needs to safeguard and secure us all. These stakeholders included police chiefs, fire chiefs, transportation directors, hospital managers, emergency management experts from the public, private, and nonprofit sectors, and others from all levels of government. Many of these stakeholders are the same people that responded to the 911 1 attack on the Pentagon, to the anthrax and sniper attacks, and to Hurricane Isabel. They are the people in whom the country places its trust for the protection of major national events, such as State Funerals and State of the Union Addresses. The effort and expertise we exerted to develop our applications were significant.

In the District, we identified over $37 million in need across nine investment areas asfollows.

Investment Area	Allocation
Incident Response	$2.65M
Citizen Preparedness	1.85M
Critical Infrastructure Protection	1.05M
Information Sharing	3.57M
Law Enforcement Investigation & Operations	6.43M
Mass Care	0.97M
Medical Surge and Mass Prophylaxis	0.63M
Planning	2.15M
Total	**$21.82M**

Specific projects within those investment areas included the following.

Homeland Security official told a Congressional committee last week emphatically and repeatedly that our proposal was sound. Second, and more noteworthy, the experts who provided the analysis that led to the development of the application and who provided the content for it are among the most experienced managers, planners, and responders in the country: As I previously stated, these are the people who responded to the 911 attack on the Pentagon, to the anthrax and sniper attacks, and to Hurricane Isabel. These experts have responded successfully in these and many other incidents despite the complex nature of the National Capital Region due to their high level of expertise and professionalism and to the extensive coordination and collaboration that occurs here every day. That their peers from across the country couId find our application lacking in terms of effectiveness is therefore perplexing.

Conclusions

We fully support the intent of the Department of Homeland Security to move to a more objective, transparent, and risk-based approach to the allocation of scarce resources to protect our homeland. The outcomes from this year's process, however, call the Department's success in meeting its intent into question. Specifically, we have to question two fundamental aspects of the process that led to the allocations that served as the impetus for the hearing.First, is the risk analysis used by the Department of Homeland Security adequately assessing the relative risks faced by the cities and states of our country? When analysis finds the District of Columbia to be low risk, which results in less funding than provided to any other state in the union, including less populous ones, the viability of the analysis is questionable.

Second, is a peer-review process to determine effectiveness an appropriate basis for the allocation of funds to secure our homeland? Put simply, if an area is high risk, but the approach in its proposal was found to be less than effective; would the federal government not better advance the security of the homeland by working with the area to improve its approach than by reducing its funding?

I will close by making two important points about the impact of the recently announced homeland security grant awards for the District of Columbia and the National Capital Region. First, the region will not be less safe and secure, and will not face more risk as a result of funding levels considerably lower than last year. We had capabilities in place prior to 9111 and have built significant additional capabilities since. Generally speaking, those capabilities are in place and will not diminish. But second, with the announced funding award, we will not be able to continue to improve our capability, and therefore our preparedness, as much or as quickly as we had expected. Certain priority improvements, such as many of those listed earlier in this testimony, will not get done, at least not as soon as we would have liked.

Regardless of how much funding we receive, we will provide the best and most professional response possible and will continue to endeavor daily to safeguard and secure the region. The amount of funding announced compared to what we have previously received merely challenges our ability to do so.

Chairman KING. I have questions for the panel, and I am sure all of our members here today do as well.

Mayor BLOOMBERG, following up on something that Mayor Williams just said as far as the Department working with the cities prior to the 40 percent cut being announced, had anyone at the Department of Homeland Security contacted you and offered to work with you to resolve the issue?

Mayor BLOOMBERG. Maybe they contacted somebody else, but I have not heard that they did. And when I have talked to the Secretary a number of times over the last year, I tried to make the case of just how expensive it was to provide the level of security that we think is appropriate, and there is nothing I have seen that says that the threat level is going down. Quite the contrary. You pick up the newspapers every day, and there is cause to worry.

And what I counsel the people who live in New York City is to leave it to the professionals. They should go about their business, and they are safe, but they are safe only because we have 40,000 police officers out there pounding the beat every day, thinking, listening, looking. And then we take the kind of actions in advance that one would expect to scare off anybody who might think about attacking our city.

Chairman KING. On the note, Commissioner, as far as entrusting professionals, did anyone in the Department contact you and tell you that the applications are being rejected and a 40 percent cut was coming?

Commissioner KELLY. No, we had no contact.

Chairman KING. None whatsoever?

Commissioner KELLY. We were surprised. Perhaps someone else in the city government; certainly not the Police Department.

Mayor BLOOMBERG. Mr. Chairman, let me just point out, that is what our submission was, 200 pages done by the greatest group of experts I think anybody has ever put together. Let me also point out that the application process should not be a test for who can write the best term paper for their college class. The application process should be to present the facts as to what is needed to keep this country safe.

Chairman KING. To put a human face on this, you mentioned 18 terrorist attacks or threats in recent years. Can you or Commissioner Kelly detail some of those to show how serious they were; and also, Commissioner Kelly, can you describe any program that was denied to you in these applications such as the ring of steel in lower Manhattan?

Commissioner KELLY. Well, the 18 events start in 1990, but I can talk to you about cases since September 11. One you mentioned, or the Mayor mentioned in his prepared remarks, the arrest of two individuals plotting to blow up the Harold Square subway station. We arrested them 1 week before the Republican National Convention.

Just 3 weeks ago the second individual—the first individual pleaded guilty. The second individual was found guilty on all four counts in Federal court. That was a case that was done by the New York City Intelligence Division.

We had another case, gentleman named Mr. Paracha, Uzair Paracha, where he was convicted of material support to al Qaeda

for planning to use his father's garment business, garment district business, to bring in explosives into the United States. Again, this is another—another conviction.

If you recall, Mr. Chairman, the so-called al-Hindi case that was in July of 2004 where very detailed reconnaissance information of New York City, of the New York Stock Exchange, of Citicorp, and of the World Bank in Washington, it was discovered on a laptop of an individual in the U.K. Again, a series of investigations that are—that are out there in the public domain.

There are other investigations that are ongoing, of course, that we can't talk about here. But we have a very robust program. As the Mayor mentioned, our Atlas Program involves uniformed police officers being deployed to our sensitive locations throughout the city. We do it every day. We mobilize officers both on day tour and in our evening tours. We have a Counterterrorism Division that works closely with the Joint Terrorism Task Force, with the FBI, and I would say our cooperation with the FBI is better now than it has ever been. We are working more closely than ever.

But we have increased our Joint Terrorist Task Force component from 17 on September 11, 2001, to 120 investigators today. We have a language program. We have identified 670 uniformed officers with language skills and languages that we think are particularly appropriate these days: Arabic, Hindi Pashtu, Farsi. They are used in our investigations.

Another plot, of course, that was mentioned but I think it is significant because it involves a bridge, and Homeland Security just categorized the Brooklyn Bridge being just another bridge. The Mayor mentioned the case in 2003 when Ayman Ferris was arrested, taken into custody, subsequently convicted, and in jail for 20 years for plotting to blow up the Brooklyn Bridge. So it is certainly not just another bridge. No other bridge in America has this track record of being in al Qaeda cross-hairs and having someone arrested for that.

But these programs cost money, there is no question about it. Our head count has been reduced because of the impact on our budget as a result of 9/11, and we have to use overtime to a certain extent to put the boots on the ground, as the Mayor said. If not, an inexpensive program grants it. When you have to look at the consequences of—God forbid there is another attack in New York City. So we have I think a very comprehensive counterterrorism program that has received praise from both national and international counterterrorism experts.

Chairman KING. Yeah. For some reason, the Department ranked your application second from the bottom, which to me says a lot about the Department.

I recognize the Ranking Member Mr. Thompson.

Mr. THOMPSON. Thank you very much. In line with the Chairman's question, Mayor Williams, to your knowledge, was the District of Columbia put on any notice of a reduction in funds or anything of that nature?

Mayor WILLIAMS. Congressman Thompson, just as a summary, we were notified. We weren't really consulted. We were notified—I think it was in a 24-hour time cycle before it was publicly an-

nounced. There really wasn't any opportunity to interchange, any opportunity to improve the work product.

Mr. THOMPSON. Thank you.

Mayor BLOOMBERG, there was some concern that New York's application was too personnel-heavy versus equipment? Is it your opinion that separating the distinction limits one's ability to effectively plan by saying, we will buy one but we won't buy the other? And if you have any thoughts on it, I would appreciate hearing them.

Mayor BLOOMBERG. Congressman Thompson, I think I speak for the police commissioner but also for any expert in counterterrorism or in an attempt to control a scourge of crime in our country. The world is not what you see on CSI. The world is not where technology is the key component. The real ways that you stop the bad guys is by having well-trained, highly motivated people who go among the community, and who pay attention to what is going on and look for abnormalities. It is as personal a business as anybody could possibly find.

And you keep hearing stories, even from small towns throughout America: Homeland Security gave us some money to buy a piece of equipment; I don't know what I am going to do with the piece of equipment.

Now, you know, I am sure that sheriff or local police officer probably would prefer to have a couple of more sheriffs or cops going out there, walking the streets, or driving around town, depending on what their location is, rather than a piece of fancy equipment. But the fact of the matter is, fancy equipment gets you a photo-op and once it arrives, the real problem is who is going to man it and how do you train and how do you keep it up to date?

I think some—unfortunately, some of these recipients of the Federal—or just in terms of giving technology to understand once they get it, the cost of maintenance which is equal to or greater than the cost of acquiring the device is invariably going to be something that they have got to pay for.

Mr. THOMPSON. Thank you.

Chief Ramsey, can you give me your experience with the Department? When you have had differences of opinion as to applications or the technical aspects of an application, have you been able to work them out?

Chief RAMSEY. Well, I have not been aware of problems. We certainly were tasked with putting together the application, expressing what our needs—following the format and so forth. But the assistance, if you will, that we got from Homeland Security was more explaining the process as opposed to commenting and providing some input or feedback on the application itself.

So we as an agency provided information and filled out certain portions of the application at the direction of the deputy mayor and other agencies, of the city government did the same thing. But it was not a give-and-take, back-and-forth type exchange with the Department. We were totally surprised when we got word that these cuts were taking place to the extent that they were. We felt then and feel now that we have put together an application that met the needs of the District of Columbia. It was a good application, and certainly when you look at the State total, as the Mayor mentioned,

certainly not one that should put us in the bottom 25 percent of all States and territories. Common sense alone would tell you that that is a flawed process, if that was the outcome.

Mr. THOMPSON. Thank you. Mr. Chairman, I have two letters from Congressman—Congresswoman Matsui and Congresswoman Slaughter, and I would like to ask unanimous consent to enter them into the record.

Chairman KING. Without objection, they will be entered into the record.

[The information follows:]

FOR THE RECORD

HOUSE OF REPRESENTATIVES,
Washington, DC, June 21, 2006

Hon. BENNIE THOMPSON,
Ranking Member, Committee on Homeland Security,
House of Representatives, Washington, D.C.

DEAR RANKING MEMBER THOMPSON:

As you are aware, this is the first year that the Department of Homeland Security (DHS) used a risk- and need-based program to determine both eligibility and grant funding for the Urban Area Security Initiative (UASI). The Committee on Homeland Security's hearing today is an opportunity for Members of the Committee to assert their oversight responsibility and ask questions regarding all parts of the new UASI assessment process, including the scope of its new risk standards. While this hearing will focus entirely on the investment justification part of the grant process for New York and Washington, D.C. only, there are other aspects of this grant that raise concern. In particular, whether DHS's criteria and process for determining eligibility for the UASI grant accurately takes into account the risks faced by urban areas.

The new risk- and need-based grant process puts our nation's security at risk. As such, I have worked closely with our local first responders and law enforcement to determine the effect that this may have on the security of Sacramento.I have collaborated extensively with the Director of Sacramento Regional Office of Homeland Security, Mike Smith. Mr. Smith is a true asset to our community, whose experience includes twenty-nine years in law enforcement, where he retired as the Assistant Sheriff of Sacramento County. Mr. Smith is also a retired Colonel from the California Army National Guard. For several decades, Mr. Smith has been working on behalf of the people of this nation and is an expert on safety and homeland security needs. Therefore, I respectfully request that you submit this letter along with the attached statement from Mr. Smith, for the official record for the June 21,2006, hearing on UASI.

Sincerely,

DORIS MATSUI,
Member of Congress

HOUSE OF REPRESENTATIVES
Washington, DC, June 21, 2006

Hon.BENNIE THOMPSON,
Ranking Member, Committee on Homeland Security,
House of Representatives, Washington, D.C.

DEAR RANKING MEMBER THOMPSON:

Thank you for providing me the opportunity to highlight my concerns with theDepartment of Homeland Security's (DHS) decision to severely cut homeland securityfunding for the Buffalo-Niagara region.

According to a new report issued by DHS last week, most urban areas are as unpreparedfor a catastrophe today as they were on September 11 th. This is unacceptable and mustbe rectified immediately. A good place to start would be to make sure that the UrbanAreas Security Initiative (UASI) program actually serves the cities most vulnerable toterrorism.

In January, the Secretary of Homeland Security, Michael Chertoff, rolled-out the agency's revamped UASI grant program by declaring, ″[DHS] is investing federal

funding into our communities facing the greatest risk and demonstrating the greatest need in order to receive the highest return in our nation's security."

Many applauded this move away from awarding grants based solely on population statistics and toward a risk-based approach. Unfortunately, it has become clear six months later that the risk-based framework adopted by DHS is deeply flawed and in need of an overhaul. There is no better explanation for how Columbus, Ohio and Louisville, Kentucky have suddenly jumped to the top of the threat list while the Buffalo-Niagara region is now considered the least vulnerable to an attack out of 46 major U.S. urban areas. UASI funding to Buffalo-Niagara was cut ffom $7.2 million in Fiscal Year (FY) 2005 to FY$3.7 million in 2006. DHS has also made clear that Buffalo-Niagara will likely lose all UASI funding FY 2007.

I agree that the UASI system must be predicated on a risk-based system. The cities most vulnerable to terrorism ought to be the first in the nation to receive the resources necessary to safeguard their communities. However, I am convinced that the Department's risk-based formula does not adequately take the Buffalo region's threats and high-risk assets into consideration. Had these assets been factored into the UASI equation, it would have been obvious to DHS that Buffalo should not see their UASI finding severely cut.

The Buffalo-Niagara region sits on an international border and is a major gateway for international tourism and commerce. The region is home to four international bridges and two international railroad bridges. This includes the Peace Bridge in Buffalo, which is the nation's second busiest northern border crossing; $160 million in trade and 20,000 vehicles cross the Peace Bridge each day. Niagara County also hosts one of the northeast's largest producers of electricity, the Niagara Power Project, as well as a nuclear landfill that contains half of the world's radium. In addition, Niagara Falls is a world-renowned tourist destination that welcomes thousands of visitors each year.

Accordingly, it is astounding that any objective model for assessing risk would fail to conclude that Buffalo-Niagara deserves a fair share of UASI funding. DHS' decision to cut Buffalo-Niagara's funding means that the region will have to reduce critical security efforts, including plans better secure the Niagara Power Project and develop an interagency cornmunications system.

I have been concerned with the new UASI process and its consequences on Buffalo's preparedness since DHS first announced the changes in January. At the time, DHS declared that it was revamping the UASI grant process and limiting awards to 35 pre- determined cities that they deemed most at risk. Surprisingly, the Buffalo-Niagara region did not fall into the top 35 cities, meaning that they were only eligible to receive sustainment-funding for FY 2006. In addition, DHS redefined the Buffalo-Niagara eligible area to be just Buffalo and a 10-mile buffer around the city.

I contacted DHS to inquire how they developed the list of cities most at risk, and why they redefined the eligible area for Buffalo-Niagara. I was told that the risk-assessment for the 35 city list was classified and that no information could be provided. Lacking information to the contrary, it appears that DHS arbitrarily created the 10 mile buffer without any empirical data to justify it. The redeffition of the Buffalo urban area removed key assets fiom being factored into the risk-based assessment, including the Niagara Power Project, 600 chemical and hazardous material facilities, and the Lewiston- Queenston bridge.

Understanding that sensitive security information went into the development of the UASI process, I asked DHS in May for a classified briefing on Buffalo-Niagara's score on the UASI risk-assessment. Despite the seriousness of the issue, this request has gone unanswered. The first-responders and elected officials in Buffalo have similarly run into a brick-wall when asking DHS for explanations on their score.

DHS' refusal to brief Members of Congress or local officials is unacceptable and suggests that they cannot justify their new UASI formula. DHS cannot expect Members of Congress or localities to embrace their new UASI system if they refuse to provide substantive information on the risk-based model and peer review process.

It is imperative that DHS re-evaluate their formula and factor in critical infrastructure and assets in Buffalo-Niagara. At the same time, Congress has a responsibility to ensure that DHS has the federal dollars needed to safeguard the country's major urban areas. Let us not forget that Congress voted last year to decrease UASI funding by more than 14 percent, despite the fact that most cities remain woellly unprepared to respond to a catastrophe. Unless DHS retools their UASI formula, Buffalo-Niagara will be left without the critical resources needed to safeguard the region against new and emerging threats.

I look forward to DHS explaining its new UASI system, as well as their reasoning for the new risk-based formula. Thank you again, Congressman Thompson, for allowing me to share my concerns with the Committee.

Sincerely.

LOUISE SLAUGHTER,
Member of Congress

FOR THE RECORD

PREPARED STATEMENT OF MIKE SMITH, DIRECTOR SACRAMENTO REGIONAL OFFICE OF HOMELAND SECURITY

On December 2, 2005, the Department of Homeland Security (DHS) published the FY06 Homeland Security Grant Program, Program Guidance and Application Kit, and distributed it via the internet. In the FY06 Guidance, DHS substantially changed the methodology of allocating funds from previous years. Specifically DHS wrote they were adopting a ″common risk and need based approach to allocating funds″.' ″For the purposes of analysis, risk is defined as the product of three principal variables: the consequence of a specified attack to a particular asset, the vulnerability of that asset to that particular threat, and the degree of threat of that particular attack threat to that specific asset.

The ″need″ would be assessed through a Program and Capability Enhancement Plan and through the submissions of Investment Justifications. Supplemental guidance was issued by DHS throughout December 2005, on the mechanics of completing the documentation. A deadline of March 2,2006 was established for electronically filing the State Enhancement Plan and Investment Justifications for States, Temtories and Urban Area Security Initiative (UASI) jurisdictions. Notwithstanding the statement, ″DHS will release the list of UASI candidates shortly after this release of the FY 2006 HSGP pidancem4, UASI applicants were not identified until Office and Grants and Training published Infonnation Bulletin No. 200 on January 3,2006.

With regard to UASI jurisdictions, DHS abandoned the previously approved UASI jurisdiction and geographical definitions. In lieu of the previously agreed upon UASI's, the new eligibility for inclusion consisted of ″cities with a opulation great than 100,000 and any city with reported threat data during the past year.″ In a follow up meeting with Office of Grants and Training (OGT) representatives, they addressed the exclusion of large urban unincorporated counties. The rationale was that since there are not counties throughout the United States, they excluded these population centers from the computations.

With regard to risk, DHS attempted to evaluate asset-based risk and geographically based risk. In assessing asset based risk, DHS drew a ″10 mile buffer...from the border of thatcity or combined entity to establish the geographical area in which data was evaluated″ and inventoried up to 38 Asset Types.″ The way of validating data were, (1) using assets submitted in July 2004 data call and (2) accessing 40,000 assets collected from various public data bases. DHS also used a number of proprietary databases for an additional 100,000 assets8 In the follow up meeting with OGT representatives, the question posed was why DHS was looking backwards a year and half and not using their approved Automated Critical Assessment Management System (ACAMS) as the approved data base. Even though California had updated the database, it was not used because not all States and Territories are inputting into the system. During the meeting OGT representatives could not provide transparency on how the assets were validated. Because of outsourcing to nongovernment agencies under contractual relationships, OGT representatives could not provide any backup data on the validity of the assets counted. During the process of assessing critical infrastructure no one from DHS contacted the Sacramento UASI to reconcile critical infrastructure.

In assessing asset risk, DHS made 8 assumptions to be used in risk calculations. Of particular note are two assumptions: ″3. Functional andlor spatial dependencies andlor interdependencies do not affect risk. [This is clearly a false assumption, but necessary because the methodology for including it has yet to be developed.] and 4. Simultaneous or sequential attacks on more than one target do not affect risk. [Again, clearly false, but necessary until reasonable methodologies can be developed to incorporate such m0des.1″ ″The failure of DHS to assess interdependency and cascading affects is not'realistic and flaws their justification of objective decisions based on 3.2 billion calculations. In essence the numbers of calculations are not relevant if the data points are not valid or incomplete.

In meeting with OGT representatives, they were unable to articulate the threat component of the grant calculations. The key points discussed were that they rely

on data from the other communities to populate the data. The issue of opening threat cases versus cases that have resulted in indictments, deportation or convictions and if there was a weighting factor was unsatisfactorily answered. What was determined is that threat data only looked at the previous fiscal year (October 1,2004-September 30,2005) for open cases, 1-94 immigration form destination cities and other investigations. No trend analysis was evaluated and there was clearly no transparency to understanding the information. It is my opinion that there exists an internal disconnect within DHS between Information and Analysis and The Directorate of Preparedness Risk Management Division. Until threat data is suitably evaluated and articulated, the information provided in the UASI assessment is just a black hole from which no reasonable conclusion can be forecasted.

For the ″need″ assessment, each State, Territory and UASI were allowed to submit up to15 Investment Justifications for the remainder of non Patriot Act base distributed funds. This was to be a competitive process for the balance of State Homeland Security Grant Program (SHSGP) and Law Enforcement Terrorism Prevention Program (LETPP) funds. On February 8,2006, DHS Grants and Training published Information Bulletin 202, which discussed the review and scoring of Investment Justifications. Investment Justifications were broken into four functional areas, background, regionalization, impact and funding and implementation plan. Within those functional areas, there were several dialogue boxes to be filled out. Bulletin 202 provided the criteria for filling out the boxes. This was significant, as discussed infra, in the evaluation and scoring process during the peer review process.

In completing the Investment Justifications there was confusion between instructions and the actual ability to upload information into the grant management tool. If applicants did get the email of late February 2006, then they would not have understood that only the text that would actually print out would be seen by the reviewer. In the peer review investments that I scored, several dialogue boxes exceeded the allowable word count and were adversely scored because the information they thought to be inputted was not seen by the reviewer.

My opinion is that the Investment Justifications process needs to be revamped to more accurately assess need. I participated in the Peer Review and provided these comments, along with others, to the OGT representative.

The mechanics of the Investment Justification forms were not user friendly and the guidance was inadequate. Examples are the word count and the narrative boxes would continue to accept comments well after the cut off. Several Investments I scored had exceeded the allotted space thereby making them difficult to score. My UASI found out this error when we printed our drafts and we made the appropriate changes prior to submission.

In reviewing the Investment Justifications, the guidelines and narratives did not encourage nor direct respondents to talk about investments over a time continuum. In almost every Investment reviewed, our group was unable to ascertain what had been accomplished to date with Homeland Security funds from FY03, FY04 and W05. In essence the application process became a stop the clock and a one time assessment.

Without more specific delineation in the narrative, it was extremely difficult to ascertain the appropriateness of the ″Investment Funding Plan″. Again, there was no beginning, middle or end to clearly correlate the FY06 request to what has been undertaken in FY03, FY04 and FY05.

My overall comment was that I felt Investment Justifications and the scoring process were weighted more to grant writing than actual need assessment. If Investment Justifications are to be used in FY07, I encourage DHS to constitute a working group of practitioners to help revamp the process.

In conclusion my opinion is that risk was not reasonable assessed, notwithstanding the number of calcuiations and that ″need″ was also not reasonably assessed through the FY06 Homeland Security Grant Program.

Mr. THOMPSON. And I yield back.

Chairman KING. Gentleman from Connecticut, Mr. Shays.

Mr. SHAYS. Mayors, thank you for being here. I happen to think both of you are extraordinary mayors. And Mayor Williams, you will be missed. I have appreciated, as a temporary resident in Washington, the competence with which you have done your job. And Mayor Bloomberg, I just think you are an extraordinary man in terms of what you have accomplished in your life, and I am just very grateful that you were willing to serve in public life, given that you have been so successful in the private sector.

I chaired a committee that looked at the terrorist threat before September 11, and we all were warned about what was going to happen. Basically we had three commissions that said we have a terrorist threat, we need to assess the terrorist threat, we need to have a strategy to deal with it, and then we need to reorganize our government to implement the strategy.

I was a strong supporter, and am, of having a Department of Homeland Security, and I am not bitterly disappointed—but close to it—in terms of its effectiveness to date.

I would like to know what your sense is about—and then let me say, the two places I am told to say if you want to help the Department run better, have them meet with people in D.C, but—no disrespect to D.C., but particularly Washington—particularly New York City. That if we only learn from what all of you do in New York City, we would have a much better Department.

So I guess what I first want to know is, what kind of interaction do both of your cities have with the Department? What kind of contribution is the Department and Washington making to D.C. and to New York? Is there a constant interaction? Or is it, you know, not much at all?

Mayor WILLIAMS. I would like to ask Deputy Mayor Reiskin to talk about our interaction, because he has really been involved with the Department in the grant formulation process.

Mr. SHAYS. Not just in terms of the grants, in terms of just in general. Are they providing advice to you? Are they a value added? I am not trying to put you in a position where you get scored badly next year but I would like to know candidly if there is good dialogue.

We are going down the ranks here, from mayor to chief to bureaucrat.

Mr. REISKIN. Good morning, Chairman King, Congressman Shays. To answer your question, there are different types of interaction we have with the Department. In terms of the grant process they set this up to be a competitive process, so this was not about trying to help one city or State, regardless of their risk, fare better in that process.

We are fortunate here in the National Capital Region. We are the only region in the country to have an office within the Department of Homeland Security specifically in place to help coordinate between the Department, the rest of the Federal Government, and the National Capital Region. So through that office we do get some assistance. We get some coordination within the Department and across the various entities, and I think generally the national preparedness goal that the Department has created for everyone to lay out a framework for how cities and States should prepare has been helpful.

There was not any kind of coaching or assistance in saying, District of Columbia National Capital Region, you are one of the highest risks in the Nation, let's work together to build an application. That was not part of that.

Mr. SHAYS. So that is clear. I am just curious as to the outside application. Mayor or Commissioner?

Mayor BLOOMBERG. Well, the Secretary always takes my call and we periodically do touch base. I think what is important to realize

here is that for big cities they fundamentally have to have the ability to protect themselves and to respond, in the case of a tragedy, the day it happens. The Federal Government's role is to give them the wherewithal so that they can in advance prepare and then perhaps later on provide moneys to help them recover.

But if we have learned anything, particularly from the great tragedy in New Orleans, each city has just got to have on the ground, ready to go, the kind of preparedness personnel, and mainly where they can respond the day the event happens. Washington is not really structured to come in with the kind of—as fast as we would need to take care of the people. So we look to Homeland Security for longer-term funding, letting us go and keep the level of preparedness that we think is appropriate affordable.

Thank you.

Mr. SHAYS. Commissioner.

Commissioner KELLY. We have an excellent working relationship with the operational agencies of Homeland Security and that is on a daily basis. We work closely with the Secret Service, with Customs and Border Protection, with Immigration and Customs Enforcement. And we have now a good working relationship with the intelligence components of Homeland Security after somewhat of a rough road when we raised our response to a threat that existed against our subway system in October of last year. We sort of worked through that. So operationally, on a day-to-day basis, I think we are working well.

Mr. SHAYS. Where is not it working well?

Commissioner KELLY. Sir?

Mr. SHAYS. Where is it not working well?

Commissioner KELLY. I think, obviously, at the headquarters level, you might say. We were surprised by this reduction. Nobody coached us how to change our application or, in fact, that it was necessary.

Mr. SHAYS. Let me just quickly get to the area that also concerns me. The Cold War strategy of contain, react, and mutually assured destruction went out the window. It has been replaced by detect and prevent. Obviously you don't want to deal with the consequences of the tragedy. You want to protect it.

And it is my understanding that New York City has got to spend a fortune in intelligence work, that you have to because you want to detect and prevent it. You do not want to have to deal with the consequence.

I am just curious, if that kind of cost ever gets reflected in the grants, that application for it being risk-based—in other words, risk-based, you have got all these targets out there that are tempting; but it seems to me that in order to succeed, you have had to spend a great deal on detect and prevent, not react. Would you speak to that?

Mayor BLOOMBERG. Congressman, to put it in perspective, New York city taxpayers spend $5-1/2 billion a year on our police department; well over another $1-1/2 billion a year on our fire department. They also fund a very extensive and very competent Department of Health and Mental Hygiene which is our first defense against bioterrorism. We have an Office of Emergency Management that has provided very valuable coordination.

So what we are doing is we are trying to keep our city as safe as we possibly can, but at the same time we also have to prepare for what happens if the first responders have to respond. That is our default position. The 1,000 police officers that Commissioner Kelly has devoted to intelligence and counterterrorism, the police officers that he has put in major capitals around the world so that we can see firsthand what terrorists are doing elsewhere, and make sure that we understand that, and that our kind of preparedness and prevention are appropriate, those are things that the taxpayers of the city of New York have to fund every day. And it just means that there is less money to do other things that we would like to do.

Commissioner, do you want to add anything?

Commissioner KELLY. To answer your question directly, sir, we spend about anywhere from—depending on the year—from 170- to $200 million a year on our counterterrorism issues and our intelligence initiatives; and, no, we do not get compensated for that. There was an effort to get that in our application this year and that was in essence rejected by Homeland Security when we were given some indication that they were open to funding the programs that were shut off. So, no, we do not get that reimbursed.

Mr. SHAYS. Thank you.

Chairman KING. The gentleman from Washington, Mr. Dicks.

Mr. DICKS. I want to welcome our witnesses. And Mayor Williams, I have lived in the District of Columbia for 38 years. I think you've been a good mayor. And my father was from New York City, so I have a great sense of feeling for New York City.

Let me ask you, there is something that just jumps out at me when you look at these Urban Area Security Initiative numbers. First of all, even with this amount of money, this $124 million, New York will have received 19 percent of the entire amount of money that has gone out between 03 and 06. Let me go back through these numbers because I think they are interesting.

In 2003 the city of New York got $149 million. In 2004 they got 47 million, a big decline. I don't remember all this concern being expressed then. And then back in 2005 you upped to $207.5 million. That has got to be an enormous increase. And then back in 2006 it drops back to 124.4 million.

Let me ask you a couple of questions. Have you used all of this money and can you give us generally what you are using this $528 million we are talking about? What do you use it for?

Mayor BLOOMBERG. Number one, yes, we have used all money. We have not necessarily written checks. We do not do that until the equipment is delivered or the training is completed or whatever.

Mr. DICKS. So you have obligated the money.

Mayor BLOOMBERG. We have obligated the money, and I think there is a feeling among a lot people that when you get federal moneys you just get it and you might as well spend it. It is free money. I don't view those moneys that way. Those are the moneys of the taxpayers of this country, including the people in New York City, and we take our responsibility to do it prudently and effectively and efficiently and very seriously.

Whether or not 19 percent is—it is an interesting number, but the real question is what is the percentage of the target or a risk-weighted target list, if you will. It is probably true. I think most people would agree that when you talk to somebody from overseas and you say, "Quickly, think about America; what are you picturing?" They picture the New York City skyline or Washington skyline.

Mr. DICKS. I think New York is the number one target, there is no question about it. I served for 8 years on the Intelligence Committee. There is no question about that. But what are you spending this money on? What are you using it for? Can the Chief tell us?

Commissioner KELLY. We have in the police Department received $280 million out of the money that you mentioned; $115 million of that was spent on overtime, which was the result of the heightened alert levels put in place by Homeland Security. When you go to an orange level, we get 15 percent reimbursements, 10 percent at yellow level, but these are alert levels that are generated by the Federal Government. We spent about another $100 million of that for equipment, and the remaining money was spent for training.

And, again, some of the training costs are generated by overtime as well, because we have to continue to police the city.

Mr. DICKS. I want to move on to the District, but let me say one thing. We have been told in previous testimony that one of the reasons you did not score as well is because you are using a lot of money for personnel and overtime and not for equipment that could be used into the future. And I think you have answered that question about why you believe your strategy is the right one.

Let me ask Mayor Williams, let me go through the numbers for the District of Columbia. In 2003 you got $60.4 million. In 2004 you got $21.9 million, another major decline. In 2005 you are back up to $77.5 million; and in 2006 you got 46.4, a decline but not as severe as the decline between 2003 and 2004.

Again, maybe you can explain, have you utilized this $167 million? I am not talking about 2006 now, but for the 3 previous years, have you obligated that money and can you tell us what you have used it for?

Mayor WILLIAMS. Congressman in terms of the obligation of money, I could not agree more with Mayor Bloomberg that our job is not simply to write checks. We want to make sure that the money is going to an intended purpose and that purpose is achieving real results in terms of whether it is detection, prevention, mitigation, recovery, whatever; and that in fact if you look at fiscal year 2003, all the money has been spent by the District; fiscal year 2004, 90 percent has been spent; 7 percent of that has been obligated, so most of that was either spent or obligated.

Mr. DICKS. What was the consequence of that major drop? You went from 60 down to 29. Did that cause a lot of disruption because you did not get as much money as you did in 2003?

Chief RAMSEY. Congressman, the biggest problem with that is that it just slows us down. It delays a lot of the things that we want to do. That is one of the consequences of the current drop. We are making efforts now to become a tier 1 city in terms of our capability, which is required by Homeland Security Presidential Direc-

tive 5. That slows us down in terms of reaching that goal and all the areas that we are supposed to.

So you simply cut back. And that is what we did then, and that is what we are in the process of doing now, going back over those requests, reprioritizing, understanding now that it is going to take us longer to get to where we want to be. We should be there today, right now, in every single area; but, unfortunately, because of the way in which the funding comes in, you really do not know until the last minute what you are going to get, your priorities have to constantly shift. And it does cause problems, not just in police, but all the other areas of the government that are relying on this money for support.

Mr. DICKS. Now, these are not the only funds that New York and Washington—you get other funds from other programs within Homeland Security; isn't that correct?

Mayor BLOOMBERG. There are other things. In New York City's case, the vast bulk of the moneys we spend, it is the New York City taxpayer that comes up with that $5-1/2 billion, but moneys at the margin do matter, particularly in tough fiscal times, which I think every city is going through. There is an enormous demand to provide services, and the risks that we think we face from overseas, which is something local police departments pre-9/11 probably never thought about, those are very expensive. And we have 8.1 million people to protect. We have an enormous number of iconic structures. To say the Brooklyn Bridge is just a bridge is pretty ridiculous. It is to try to define away the Empire State Building as just a building, as the Statue of Liberty as not belonging to New York City. Yes, it does not, but I would probably—that it is probably the NYPD and FDNY that would respond if there was a problem.

Commissioner KELLY. I would simply add that other grants that we have gotten before have been eliminated. The COPS grant and the COPS program and the Byrne grants have been eliminated as well. So money that you might think as coming to the Department in other ways simply has dried up.

Chairman KING. If I could be presumptuous enough for the Mayor and the Commissioner, I would invite the gentleman from Washington and other members of the committee to visit Commissioner Kelly's terrorism division and also his intelligence unit in New York to see just how some of this money is being spent and how effectively it is being spent.

Mr. DICKS. We have had some good briefings and we have had a lot of good information.

Chairman KING. The gentleman from Connecticut, Mr. Simmons.

Mr. SIMMONS. I thank the Chair for holding this very important hearing. As Representative from Connecticut, I will simply say that we lost many constituents on 9/11. My daughter is a resident of New York City, now living in Brooklyn, because her apartment was so damaged by that attack she could never return. And to Mayor Williams, my wife and I have lived two blocks from here for 20 years, so we thank you both for your service to your wonderful cities.

Very briefly, Mr. Chairman, Connecticut received $10 million in fiscal year 04 under the Urban Areas Security Initiative, was

defunded in 2005 and 2006; and under recent program guidance, any urban area not identified as eligible through the risk analysis process for 2 consecutive years will not be eligible for continued funding under this program. This is crazy. The terrorism target is a moving target. And to defund a regional State like Connecticut and then to say "no future funding," does not make any sense to me.

And I would ask unanimous consent that this letter from our Governor, Governor Jodi Rell, be inserted in the record. We need to take a serious look at that program's guidance. I do not think it makes any logic.

Chairman KING. Without objection, the letter is made part of the record.

[The information follows:]

FOR THE RECORD

June 19, 2006

Dear Members of the Homeland Security Committee,

As you know, the National Strategy for Homeland Security provides the framework to prevent and respond to acts of terrorism in our nation. State public agencies play a vital role in securing our country and U.S. Department of Homeland Security's (DHS) Urban Areas Security Initiatives (UASI) provides the vital funding necessary for combating terrorism. The UASl has recently changed the manner in which it evaluates the likelihood of terrorism, and those changes are detrimental to Connecticut.

In FY2004, Connecticut was deemed eligible for funding by the DHS. The City of New Haven and its six contiguous towns (Orange, North Haven, West Haven, East Haven, Hamden and Woodbridge) were awarded $10,371,407 to enhance the area's ability to prevent, respond to, and recover from threats or acts of terrorism. Funding was determined by a formula using a combination of current threat estimates, population density, transit system ridership and total route miles.

In FY2005, the funding criteria changed to include credible threat, presence of critical infrastructure, vulnerability, population, population density, law enforcement activity, and the existence of formal mutual aid agreements. Surprisingly, the DHS determined that New Haven was no longer eligible for the grant program despite its strategic location between New York and Boston, and its critical infrastructure which includes the Strategic Petroleum Reserve in New Haven harbor.

In January 2006, DHS again denied Connecticut access to the UASl program. The FY2006 funding formula changed yet again with eligibility determined by a population cap of 100,000 and risk and need analysis. Connecticut with all of its vital assets (ports, industries, financial institutions, nuclear facilities and transportation services) and vulnerabilities was denied federal assistance, not only in FY2006, but potentially on a permanent basis.

The UASl program guidance now states per DHS, Office of Grants and Training Bulletin No. 200, that "any Urban Area not identified as eligible through the risk analysis process for two consecutive years will not be eligible for continued funding under the UASl program." If Connecticut is denied the opportunity to participate in UASl in FY2007, it will be permanently eliminated based on the aforementioned policy. It is imperative that this feature of the UASl program be reexamined to assure that limited federal resources are most appropriately allocated and that potential recipients, including regions like the New Haven area, are given a fair chance to compete for funding.

Sincerely,

M. JODI RELL
Governor

Mr. SIMMONS. Moving quickly to New York and the District of Columbia, clearly key target areas. Reduced funding does not meet the commonsense test for me or for most Americans. I do not see the threat reduced. I see the vulnerability still there. I do not see any lessened risk.

And I would like to focus a little bit on the issue of human intelligence and police on the ground. I was a CIO officer for a decade. Human intelligence is critically, critically important when it comes to terrorism, especially when you have got Union Station, Penn Station, Grand Central Station, very large areas that proposes millions of people almost on a daily basis. You know, you cannot just put a camera on the wall and say the problem is solved.

And so the idea that we are going to degrade or some how reduce the priority for shoes on the street and increase the priority for surveillance cameras, which you may not even have enough people to monitor the surveillance camera, this does not make any sense to me when it comes to securing the urban areas against the terrorist threats.

And I would like to have our witnesses elaborate a little bit on that aspect of this program. This seems to be an aspect of the program that does not make sense to me. Are we providing the wrong weight when it comes to these applications and when it comes specifically to funding human resources, which I consider to be critically important in this war on terrorism?

Commissioner KELLY. Obviously, in our application, we looked for significant amounts of money for the human investment that we have made. That is both uniformed officers, boots on the ground, as the Mayor said, but also our intelligence division, our counterterrorism operation.

We talked about the conviction we received just 3 weeks ago in Federal court. That was a result of, I think, a very well conducted investigation by our intelligence division in conjunction with Federal authorities of these two individuals who not only plotted to blow up the Helsway Subway Station, but made maps of three police stations in Staten Island and Fort Wadsworth.

That investigation was aided by a confidential informant with an undercover police officer. This is open information. This officer was born in Bangladesh. He came here when he was 7 years of age. He did an outstanding job in this investigation, but it takes that sort of focus for the Department, I think, to protect, obviously in our five boroughs, what we see as an ongoing threat.

So we are looking for resources to enable us to continue this program, to also fund, I think, a very sophisticated civilian analyst program that we have instituted. We have analysts from the top schools in the country: The Columbia School of International Studies, the Fletcher School of Diplomacy; from our service academies. They have done an outstanding job.

Under the formula that was put out by Homeland Security, we cannot get Homeland Security funds for these individuals because we have already done this. We have already started this. So if we were to pay them under Homeland Security funds, it would be supplanting.

But we are able to hire new analysts, and that is true throughout the country. So it gets back to what the Mayor said, the whole notion of supplanting; we need these civilian analysts who are doing an outstanding job, but we are being penalized because we started this program in 2002.

Mr. SIMMONS. I would assume the same is true for the District of Columbia.

Mayor WILLIAMS. Congressman, I think technology gets overbilled, the hardware/software technology. I think history will show you far more examples of people, where they have been properly supported and motivated, have done extraordinary jobs, even if they did not have the latest technology. And there are probably many more examples of where you have had great technology but you have it invested on the ground, in people, and it has been a tremendous flop.

I think that this overweight on technology, not enough on people on the ground who are going to be doing the journeyman work, is a mistake. And I think the Chief could attest to that.

Chief RAMSEY. Yes, sir, Congressman. I also think one of the things that I think gets overlooked oftentimes is the fact that day-to-day crime fighting has to continue to take place, and you are drawing resources from that effort when you do not get the kind of support from Homeland Security that we ought to be getting. There is a lot of talk about people. Well, we need people. 9/11 changed policing dramatically. Prior to 9/11, even though I was the Chief here in Washington, D.C. I was not getting regular classified briefings. I was not concerned about homeland security. I was concerned about day-to-day street crime primarily. That was my world. That is what I did every day. Occasionally a threat would come in or something would come in I had to deal with, but it was not constant like it is now. Yet we have to deal with this issue and we have to be effective at both.

I have got 76 homicides so far this year in the District of Columbia; al Qaeda did not commit one of them. For the average citizen living in our District, the threat is street crime, yet we have to broaden our perspective and deal with both street crime and threats abroad and threats elsewhere. That is the real problem, is balancing the resources, and that is what is not taken into account here. So we have to be able to do both and we can only do both with constant support from the Federal Government.

We can reach the level of a tier 1 city, but then you have to maintain your ability to be a tier 1 city. You have to upgrade technology. Certain equipment has a shelf life. We bought personal protective equipment for all of our officers and civilian personnel. Five-year shelf life. You have got to be able to replace that stuff. Where is that money going to come from? If it comes from the local budget, you are taking away from some of the efforts that could be performed out there in our communities.

We need intel analysts. I also need crime analysts. It should not be an either/or proposition. It should be something that we are able to do both, and do both well.

Mr. SIMMONS. Mr. Chairman, thank you. I hope you take to heart what we have just heard. On the Armed Services Committee, when a four-star general asks for troops, we do not give him cameras. I yield back..

Chairman KING. I thank the gentleman for his usually pithy insights.

The gentlewoman from New York who is so committed on this issue, Mrs. Lowey.

Mrs. LOWEY. Thank you, Chairman King, for holding this hearing and I want to join my colleagues in welcoming Mayor

Bloomberg and Commissioner Kelly. As a New Yorker, I want to tell you that I am so pleased and proud that you are representing us and you are in charge of the security in our city. I personally thank you. I welcome Mayor Williams. We spent some time here, too, and we really appreciate your leadership.

Mayor BLOOMBERG, I think you, Chairman King, and I understand exactly why New York was so shortchanged in its grant allocations this year. So I really thank you for being here today, for discussing the impact of these cuts and our joint efforts to fight for adequate funds to protect the number one terrorist target in the Nation: New York.

But let's be very clear here: First and foremost, this administration has led the effort to slash funding for the largest homeland security grants. The State Homeland Security Grant program, Law Enforcement Terrorist Prevention program, Urban Area Security Initiative. In fiscal year 05, the President requested $2.45 billion for the three programs; lowered it to 2.04 billion in fiscal year 06. Then, again, reduced the request to 1.47 billion in fiscal year 07; a 60 percent overall cut in the pot before you even started divvying out the money. And each time Congress made some adjustment, but has failed to restore the damaging cuts to these programs.

Frankly, this is an unacceptable insult to every official and first responder working day in and day out to protect New York.

I am also pleased to be joined by Joe Crowley, who I am sure will associate himself with my remarks, from Queens County.

I offered a motion when the bill came to the floor to recommit the fiscal year 07 spending bill to require that States receive no less in fiscal year 07 than the higher of the amounts received in fiscal year 05 and fiscal year 06. Unfortunately, this amendment failed. Some people like Chairman King supported it, but this amendment failed overwhelmingly.

The buck stops with the President, and we need you to join us in pushing the President to insist that the Republican majority in the House and Senate restore these funds in the fiscal year 07 DHS appropriations bill before it completes the process. It has to go to the Senate, then it goes to conference. We cannot just say, okay, that is it. We have to push the White House. We have to push the majority in the House and Senate to get this done, because the safety of my kids, your kids, and all our neighbors are at stake.

Now we know New York took its greatest hit in the UASI program. It was designed to help the top urban high-risk areas, because it has been stretched too thin. New York is protecting its citizens from cyanide bombs in the subway. Columbus, Ohio is buying bulletproof vests for the police dogs with Federal grant funds. Since fiscal year 03 the number of recipients for UASI has increased from seven cities, as you mentioned, Mayor Bloomberg, to 46 regions comprising 53 cities. Seven cities to 46 regions, 53 cities.

This year the original seven UASI cities will receive only 50 percent of total funding. New York will receive, as you mentioned, 40 percent less than last year and its share of UASI has been cut by 30 percent.

In addition, DHS's efforts to base funding for all the grants on risk just frankly failed. They created a confusing process that,

among other things, poorly categorized critical infrastructure, evaluated assets that pose little to no risk of being attacked, and lack common sense. You referred to the Statue of Liberty. You referred to the Brooklyn Bridge. Just another bridge, just another asset.

DHS. The Department of Homeland Security's assessment deemed New York Police Department's counterterrorism program, which has been touted by FBI Director Mueller and former Secretary Ridge ineffective. Ineffective. Now, I remember when the Chairman and I went down to meet with you, Commissioner Kelly, and we were impressed. You were doing counterterrorism when the CIA was still trying to get its act together, so we thank you for that. One thing is certain frankly, though; programs that go unfunded certainly will not be effective.

So, as you can see, some of us get a little upset about this. We live in New York, we love New York, we care about New York. If New York is the number one threat and Washington is right there, too, it seems to me they should be getting the greatest share of the money and they should not be cutting back on the money that you have already gotten in the past.

So, Mr. Mayor, Commissioner Kelly, Mayor Williams, can you work with us to get this change before the process is completed? We need you to talk to the President. We need you to talk to the Senate. We need you to talk to the House. They all happen to be of the same party. And if we can get this done, then you can do the job. Can you work with us, Mr. Mayor?

Mayor BLOOMBERG. Congresswoman, one of the things that our administration has tried to do is to work with all branches of government at every level and all parties. We believe that if everybody works together we can improve this country and improve the level of protection. I think that there are certainly enough ways to improve the system that everybody can participate, and I would urge everybody to understand what the real risks are here. This is not a partisan thing. This is not a geographical thing. It is true that New York and Washington are far and away the most likely targets; but remember, if there is an attack on either of those two cities, it is all the people of this country that suffer. Even if they might not suffer physical damage, the economic damage and the ability for them to have a better life for their children is certainly impaired.

Mrs. LOWEY. Mr. Mayor, in closing I just want to make it clear this committee, led by Chairman King, has operated in a bipartisan way. Our delegation has operated in a bipartisan way. We are continuing to push for the funds in a bipartisan way. I also want to make it clear it is not strange, it is not coincidental that New York was cut 40 percent. The request from the White House was cut 60 percent. So the committees are working with less money.

So if we are going to make a change to this process before it is over—this bill passed the House and Chairman King certainly supported the motion to recommit to get the money resubstituted—if we are going to make a change, and I feel it is a life-or-death issue, we have to address the White House, we have to address the House and the Senate, because the process is not over.

So I hope, Mr. Mayors and Police Commissioners, that you will work with us to push as hard as we can. It is a life-or-death issue in a bipartisan way with our Chairman to get this done.

Mayor BLOOMBERG. Congresswoman, let me say when I hear you or the Chairman or the President all say that these moneys should be distributed on the basis of threat and risk, that puts a smile on my face and I think the three of you are absolutely correct.

Mrs. LOWEY. Mr. Mayor, I just want to say one other point and make it again. We have the bill to distribute the money based on risk for all of these programs passed in the House three times. It has not passed the Senate. We are pleased that they will use a risk-based formula. But if you are dealing with a cup of sugar and the recipe calls for six cups of sugar, you cannot get the six cups of sugar out of the one cup of sugar. So we have got to increase the pot. And before the process is over, I hope you will all work with us because I know how hard you are working in New York and in Washington to get the President, the House and the Senate to acknowledge that if we are putting, as my colleague from Connecticut said, billions of dollars into Iraq and we both vote for it, we cannot cut back on homeland security dollars because the implication is clear.

And I thank you and I thank the chairman, and I hope we can all work together in a bipartisan way, Mr. Mayors, to get that money back. Thank you.

Mayor WILLIAMS. You would certainly have my commitment, Congresswoman, to work with you on that basis with the chairman and Congresswoman Norton on a bipartisan basis to work on not only increasing the pot of sugar but the allocation for the pot of sugar.

Chairman KING. I would just say for the record that I only allowed the gentlewoman to go so far over her time because she was saying such good things about me.

Mrs. LOWEY. We are a good team.

Chairman KING. The gentleman from Nevada, Mr. Gibbons.

Mr. GIBBONS. Thank you very much, Mr. Chairman. Gentleman, thank you for your presence here today. To the Mayors, of course, thank you for your work in our communities around this country. This is a very complex formula, no doubt about it, whether you are looking at the funding grants or the discretionary grants.

My first question to Mayor Bloomberg or Mayor Williams, do you fully understand the complexities of the funding formula so that you know and you are comfortable with your applications that they are meeting the needs and the expectations of those people in the Department of Homeland Security when they issued those grants?

Mayor BLOOMBERG. I didn't personally write most of the 200-page report. I have read most of it. I cannot tell you that I remember every single line or every single number. This is a compilation of work from the heads of the Police Department, the Fire Department, Office of Emergency Management, which pulled it together and all the other city agencies.

New York City and Washington, D.C. really are different in the sense of the complexity, and I think one of the problems that some big cities always have is that if you try to write a request for a proposal or whatever that applies to everybody, it really winds up ap-

plying to nobody or certainly not applying to those that are different. New York city's police department is bigger than the next four police departments in the country added together. That is not to say that the other police departments, even some very small ones, are not very competent. Every city adjusts the size of their police department to what they think is appropriate to protect the people. Commissioner Kelly and I are very proud of the job that we have done in New York City. We have brought crime down dramatically in the last 4 years and it is a process that sadly we have to continue. We will always be faced with that.

Mr. GIBBONS. Excuse me for interrupting. I think you made a very important point and I only have a very limited time to ask these questions. I think the issue is that in order to meet the expectations of the Department of Homeland Security in issuing these grants and their formula, which are very complex and according to the Department of Homeland Security, that the understanding of your communities, whether it is Washington, D.C., New York City or Las Vegas, Nevada are different in what our needs are.

Mayor BLOOMBERG. Yes, Congressman, I would argue that if Homeland Security's obligation is to try to find how to distribute the funds in the most effective way to protect this country, to say that we are going to have a process and if you don't like it, tough luck, that is not their objective. It shouldn't be their objective. Their objective should be to get the best compromise possible. We have limited dollars and some things are subjective.

Mr. GIBBONS. That is why the formula is so difficult for anybody to understand. Because what would be important for New York City or for Washington, D.C. or Las Vegas, Nevada might not be the same requirement for Portland, Oregon, or for Omaha, Nebraska, which makes me wonder how the formula can be set in stone or determined on the homeland security basis to meet the needs of New York, Washington, Las Vegas, Omaha, Nebraska, wherever. That was my question. My question was do you feel comfortable you know what they expect out of you to get the right determination for getting that grant?

Mayor WILLIAMS. Well, the chief can amplify what I am saying, Congressman, but I wouldn't be sitting here if I really knew what the risk assessment was or what the process was or what the allocation was.

Mr. GIBBONS. So we have to invent the wheel every time we apply for a grant?

Mayor WILLIAMS. It should be an objective, transparent process and it isn't, I don't think.

Chief RAMSEY. Congressman, the formula no doubt is complicated and probably has a little bit of everything in it with the exception of common sense. That is the one thing that is missing. The other things I would say is that I am very pleased that we dropped to the bottom 25 percent in threat. I feel real good about that, but I never got a classified or unclassified briefing to tell me why. How could we possibly fall that far that quickly? Now maybe someone is just pulling my leg because I am constantly getting phone calls. I have a briefing tomorrow at the FBI about different

investigations and so forth. I have not seen anything that would make us fall that far. It makes absolutely no sense.

So whatever formula they came up with they need to rethink it because it will not get you to the Moon. It won't get you off the ground in the way in which they have calculated it right now. If the threat is expanded for other cities, then guess what, put more money in the pot and give them what they need, because unless we have an umbrella protection around this country, then we are not safe. And if one of us is not safe, none of us are safe.

And I think the last thing we should do is get involved in who got how much money and start fighting amongst ourselves because the whole goal has to be homeland security, from coast to coast, from sea to sea. It has to be, and that is exactly what is failing in this entire process. The funding strength should be multiple years, not just one year. It should not be, guess what you get behind door three next year.

What is wrong with having a spending plan that gives you a 3-year projection so you can plan accordingly and make sure that you have got what you need. These are the kinds of things that are missing.

But I do not want to take anything away from the master's degrees and doctorates and all the folks that had all these degrees that put together this formula. But they are missing something here. The cake is just not being baked properly. It is just one of those that just will not rise.

Mr. GIBBONS. Well, I know the frustrations are out there. Even in Nevada when you deal with Las Vegas and the fact that Las Vegas, the information that was presented to Homeland Security obviously did not make it into the, whatever you turn the cake mix with to make it work, because Las Vegas got taken off but when you look at their criteria for what they consider to be the requirements for getting this and the information was given to me, somehow it is not getting through the system. Whether the screen is too fine and the information that has got to go through that screen does not get there, something is wrong with the formula. And Mr. Chairman, I hope at some point we get an answer as to how the formula is actually constructed.

Thank you.

Chairman KING. The gentleman's time has expired. The gentlewoman from the District of Columbia, Ms. Norton.

Ms. NORTON. Thank you very much, Mr. Chairman. Mayor Bloomberg, everybody seeks to identify with New York in some way. I do want to say at the outset that I am a native Washingtonian who also loves New York, and I have a lot of reasons for that. Both of my kids were born at Mount Sinai Hospital. I was an appointed commissioner in the New York City government. So I feel your pain in lots of ways along with our own.

In fact, the question I am going to ask is based on something from the Mayor's testimony but it is really a question for you both because as we search and we scratched our heads, I am on another committee that also has raised the same question about Washington and New York. The Mayor says in his testimony at page 7 that we are not going to face more risk but we will not be able essentially to make the improvements we should make.

Now, of course, we can argue about that. That is really not the point of my question.

The police chief has already talked about equipment that has a shelf life. Everybody knows we have got to be better off than we were when the Pentagon was hit and when the World Trade Center was hit.

But then he says the problem is we have to improve our capacity and that the items he listed in his testimony would not allow us to get it done "at least as soon as we would have liked." Now I am really, this is the basis for my question, and it is a question for New York as well. I am asking a question essentially trying to look at a way to revise this formula, this cockeyed formula which may keep giving us the same results.

Mayor WILLIAMS, you referred among these items, and I can choose any one, to explosive device response as the ones among the areas you identify. The fact is that we have eight bomb squads in this region and not one of them meets part one of the FEMA requirements. They all go out. They get it done. But they are not top, not one of them are a top bomb squad. So over time we will get it done. Or let's look at WMD hazardous—let's look at interoperability communications. This is a region unlike most areas. We are really talking about three States here. So the notion that something happens, half the Federal presence is in Virginia and Maryland, that there would not be instant communications, that would make everybody's hair stand on end.

So in trying to figure out if these are the two top targets of al-Qaeda and there is this kind of unfinished business, should not another element of risk be the urgency of eliminating at least certain kinds of vulnerabilities. That is to say, what is the cost of delay, what is the cost of delay here as opposed to other places when you are talking about WMD hazardous materials response, Mr. Mayor. And we are talking about all the Federal workers getting here using WMATA and WMATA subway tunnels, and we not being prepared to deal with biological or chemical attack there.

So my question really goes to not really only over time if we keep giving money will these vulnerabilities be shored up. It is whether or not the highest targeted places can afford to do anything but have the most rapid elimination of certain vulnerabilities in order to ensure their security, and I just would like you to speak to the notion of timing of what gets delayed and what your view is of delay when it comes to the places where al-Qaeda and other terrorists are most fixed upon.

Mayor WILLIAMS. Congresswoman, I didn't mean to insinuate by saying that we are going to do the best we can in a difficult situation to imply that we are fine, do not worry about it. In fact, where the threat is at the same or increasing, if you are not improving your situation is deteriorating. And I think the chief can point out some specific instances for you.

Chief RAMSEY. Yes, ma'am. I mentioned earlier that a lot of what we had planned to do would be delayed. For example, an intelligence fusion center. We have a command center and operation center but it cannot receive certain classified information right now. It is not networked with other fusion centers in the region to a point where the kind of interoperability that exists for sharing

information is there. We have people in the different fusion centers, we do a lot by telephone. We meet on a regular basis and all that. But electronically this money would have allowed us to be able to have that interoperability quicker that is going to be delayed. Interoperable communications, we are talking data, video, we are talking about the Mayor's Command Center upgrades, mobile communications, chemical, biological, our CBRNE response capabilities. It is not that we do not have this but certainly to try to raise to a tier one as you mentioned earlier—I mean, we have a very, very good, capable bomb squad, but there are certain requirements to be considered tier one that need to be met and that process gets delayed. And again that is not an overnight deal. A lot of training goes into an individual being qualified to work in a unit like that. A lot of equipment is needed. That equipment and technology constantly changes and you need to upgrade and you need to make sure that you have state of the art equipment.

Our investigative response, whether it is from our emergency response team, our harbor branch, air support, whatever it might be. That is a constant effort. And one of the downsides of the fact that there hasn't been another attack since September 11 is that it becomes more and more difficult to keep officers focused on this aspect of police work. So you have to have constant training, constant exercises, things of that nature, so people stay sharp and that is one of the things that all of us have to guard against. And I think that that somehow sometimes gets lost.

So the training, the exercises, all those kinds of things, can we do it with what we have got? We can do it but to a lesser degree.

Mayor BLOOMBERG. Congresswoman, I think when you talk about spending money for security, there is no question that if we had a police officer in every block and a firehouse on every block the public would be safer. But in the real world you obviously cannot do that. So there is a judgmental component of what is an appropriate level of resources to devote to prevention and to training for response. In our city what I have said repeatedly to the public is we will do everything that the police commissioner and the fire commissioner and the other commissioners tell me we absolutely have to do to keep our city safe, and I will then go and worry about how to pay for it elsewhere.

When you ask what have we done without because we do not get a particular grant, let's say from Homeland Security, the answer really is found in our school system, in our libraries, in our cultural institutions, in helping those who are less fortunate because in the end there is only so much money that we have. All of these moneys are fungible and if you say your number one priority is security, which I think it has to be, then everything else suffers.

But we have, for example, spent the money to make our radios interoperable. That has become a buzz phrase. Our police department and fire department are able to communicate electronically. What is more important is they spend the money and we spend the moneys to get them to train together all the time so they know each other and their interoperability is at the level on the scene where the ranking police officer and the ranking fire officer make those life saving decisions that only people with experience and

training and knowledge of what is going on right then and there can do.

We still have a long ways to go. We would like to have more communications to share data as well as voice, but in the end the answer to your question is that we have to go, and I think Mayor Williams said it very well, if you do not constantly train and improve you fall back because the enemy is constantly changing and going about things in ways that they do not repeat the things of the past. They know we will be ready for them. The problem is we have got to be ready for something we have never seen before.

Commissioner.

Commissioner KELLY. One program that certainly is on hold and we were led to believe that we were going to receive funding for is our Lower Manhattan Security Initiative. We are putting, or at least our plan is to put increased security in Manhattan below Canal Street. It is an area of course that has had two successful terrorist attacks. New York is still the financial capital of the world. In that area we are going to have the Freedom Tower constructed, we are going to have the Goldman Sacks Tower constructed, the New York Stock Exchange is there. The American Stock Change is there. The World Financial Center is there, and there is a lot of construction planned for that area.

We had requested moneys for that program. It would have involved additional cameras. There are 535 intersections in that area. We wanted to have cameras at half of those intersections. We wanted to put in license plate readers, physical barriers that would enable us to cut off that area if necessary and a coordination center where public and private stakeholders would man a coordination center 24 hours a day. We believe that is a very important initiative. That is now put on hold as a result of the funding that we have received from Homeland Security in 2006.

Ms. NORTON. Thank you. I just want to say, my point here was, and I think you have responded, is factoring in the cost of delay as a cost in security. And there are certain things that high targeted cities like New York and Washington would hate to get caught not done. And it does seem to me that Homeland Security figured whatever else you do, we agree that those things must be done, the tunnels, for example, or the interoperability. And I think you made it clear that there would be some, there would be some advantage in it. And instead of just looking at these things as a list and figuring out these things, if you do not do them now maybe it will not matter at all. So let's at least get those things done.

Chairman KING. The time of the gentlewoman has expired. Commissioner Kelly, the project you are referring to is similar to what is in the City of London, right, the Ring of Steel?

Commissioner KELLY. Yes, it has similarities and we of course consult with them. They call it the Ring of Steel. We also want to enlist and bring together the private security personnel, particularly in that area. We are doing it generally throughout the city, but particularly in that area. So yes, it is roughly similar to the so-called Ring of Steel in London.

Chairman KING. Recognize the gentleman from Texas, Mr. McCaul, who was the chairman of the Investigation Subcommittee

and former member of the Joint Terrorism Task Force. Mr. McCaul.

Mr. MCCAUL. Thank you. It is good to see you all here again. I think I was just as shocked as the chairman was when we got the news that funding was cut nearly in half not only for New York, Washington, but my home State of Texas. Let me get your comment. One thing I heard is that landmarks were not considered targeted assets. I used to work at counterterrorism in the Justice Department. I recall in 1995 that Ramzi Yousef, who was the architect of the 1993 World Trade Center met with a guy named Khalid Sheik Mohammed, who was his uncle in Pakistan, and discussed with him the idea of flying airplanes into buildings, including landmarks, and that was the specific language of the reporting I saw, including landmarks, because of the high psychological significance of hitting a landmark. Like the Statue of Liberty, like the Washington Monument or like the United States Capitol. And of course we know Khalid Sheik Mohammed was the mastermind behind September 11.

So I am just baffled and I wanted to get your feedback as to why a landmark of that magnitude is not considered to be a targeted asset, at least your understanding of talking with DHS.

Mayor BLOOMBERG. I do not think any of us can give you a good answer to this. I think it goes back to what we talked about before where it seems to me that Homeland Security's job and what this committee should be ensuring that they do, and do well, is to figure out where the moneys should be spent, rather than setting up a competition and seeing who can write a better report or a report that pleases them or defining things one way or another.

If you went to the private sector, to the insurance companies and said where is the risk, I do not think anybody doubts what they would say. It would not have New York and Washington way down, quite the contrary. It would have the two of them up there and there would be three or four other cities, maybe you get to seven, some number like that, and then there would be a gap. Because while there are clearly things throughout this country that are critical to the infrastructure, to the survival of this country, to our economy and our ability to live our lives, those tend not to be, most of them, targets. And what you are trying to do is to prevent an attack and so if the critical item is not a target, having Homeland Security moneys to protect that does not make a lot of sense, particularly in a world where we will never have enough money. Even Washington does not have enough money to do everything.

What this is about is setting priorities and when you set priorities the easiest way is to say, well, everybody gets something because then nobody gets disappointed and nobody has to go home and explain why for this particular program they didn't get any money.

Now nobody has asked me in a long time nor have I come to Washington to argue that New York should have more money than the next agriculture bill, but nevertheless I think it is very similar. There are places that deserve agriculture money because they have agriculture. There are places that should get the most of the Homeland Security money because they have targets. And the questions that you are asking us, how the structure, the application process

is, seems to me you should ask them. And their obligation is to have an applications process that produces the results that are in the country's interest. Not to say, well, here is our process and if you do not pass, so what? The question of the applicability of their process is what you should be talking about.

Mr. MCCAUL. Mr. Chairman, I think this is the clarion call to have the faster and smarter funding bill passed out of the Senate. It has been sitting over there. It is the reason why we have this result today, and it is time for this to pass.

And if I could just ask one last question. $5 billion in the pipeline, unspent money in, do you understand why that money is being held up and why it is not being allocated to the States and locals?

Mayor WILLIAMS. I have no idea, Congressman, and I would just echo what Mayor Bloomberg is saying. I think there is a risk assessment which I would question and then there is the process used to allocate based on that risk, and both are problematic.

Mr. MCCAUL. I yield back the balance of my time.

Chairman KING. The gentlewoman from Texas, Ms. Jackson Lee.

Ms. JACKSON-LEE. I thank you very much, Mr. Chairman. I thank you and the ranking member for what I think is a provocative, a vital, crucial statement being made by this Congress and the responsibility that we have of oversight.

I make a simple point and I hope that it is one that resonates with the Department of Homeland Security and also that fighting terrorism is not business as usual. And frankly, if we were to be truthful in the process, I think the simple questions of the applicants should be how do we protect the homeland from terrorism in the homeland? That is one question. And how do we fight the terrorists? And if cities who are at risk with targets can enunciate and detail those particular questions, which I think is what we are asking you to do, then my question to DHS in a very fair and hopeful objective and factual seeking manner is why.

I noticed that there was quite an array that fall on this list and they are all attractive cities, and I might say that Houston is included. And so I certainly would not want to pull any off the list and give any commentary about whether they need more agricultural money, but I might agree with you, Mayor Bloomberg, that some of these might be more apt to get more funding in agriculture. And this is not to denigrate the interest of cities across America.

As I speak about where we are and whether we need the furtherance of the many legislation that my good friend has spoken about that has stalled in the Senate, I have to admit that all we need to do is take the backdrop of 9/11. It is sad that sometimes our memory fades. The absolute horror and fear that struck America and certainly struck all of us as we watched our cities, New York and Washington and other cities whose names were floating around. I recalled standing on the grassy knoll of the Capitol watching the Pentagon, phones jammed but rumors floating. Commissioner Kelly your predecessor Lee Brown was the Mayor of Houston at that time. We were very fortunate, and finding out or thinking or getting a rumor that planes also were headed to Hous-

ton, Texas. Why? Because it is noted as the energy capital of the world.

But as I look at my own set of circumstances I find that even though we might be in the mix, we were subjected to, Houston, a 10 percent decrease in funding and if you compared our 2006 funding to our 2005, we actually got in 2005, 2006 dollars, $3 million less. And these are cities I think that clearly speak to the question or the, I think, formula that you have utilized, Mayor Bloomberg, which is threat and risk as I understand it. And I think your point was just because there are critical sites does not make it a risk and we should combine threat and risk together. And I think both you and Mayor Williams are clearly in that vein.

Let me cite for you a process utilized by the DHS, and I would welcome your comments. Information Bulletin 99 said, essentially it told the State and local governments that DHS could not answer questions about the application process. The bottom line, DHS was not going to provide guidance but only directives.

So you could not engage, as I understand, to even find out whether you were off the beaten path. And let me add this point and I yield to you for questions. When I look at the language that is used for these grants, again, I said simply how do we fight terrorists on our soil, I see these words, "relevance, the relationship of the investment to the tenets of the interim national preparedness goal." Commissioner Kelly, I guess you have to spend some time trying to understand what that is all about.

Regionalization, which I think "communications" would have been a good word, "sustainability," "implementation approach," "impact," and then they go down to say "the peer review committee." "Relevance to interim national preparedness goal implementation." "Connection to the enhancement plan." "Complete picture." "Innovativeness, feasibility and reasonableness."

My question to you is if we are in the business of fighting terrorism that raises its ugly head every day, can you instruct us on what you would think would be the fine points that we need to ask as the bureaucrats of DHS are doing the best they can do to get to the crux of the problem in terms of providing dollars where they need to go?

Now you made the general statement about risk and threat, but if we wanted to be fair and say there was a criteria what should it be, putting aside the fact of course that you have talked about the needs, and I will start with you, Mayor Williams, the needs that you have before general crime fighting? And I am sorry we cut the COPS program and a number of other programs that would help you. What would be something that we could point out and give directive as we write legislation as it makes its way back to the House.

Chairman KING. If the gentlelady would yield, I was going to say Mayor Bloomberg has to leave in about 15, 20 minutes. I would ask the witnesses to limit the answers to 30 seconds, and each of the other questioners to stay within the 5-minute limit so we can get as many people to question Mayor Bloomberg, and then any follow-up we can give you in writing.

Mayor WILLIAMS. I would just say, again, and I will be brief, recognizing that Mayor Bloomberg has got a tight schedule. Again,

you have got risk out there in terms of, you know, the probability of something happening, the severity of something that happens, it is not based on area. It is not based on the quality of someone's application. If I get a lower SAT score than Mayor Bloomberg, so what? Because the country is advancing, because of a higher SAT score people are moving forward. This isn't like that.

Let's assume my application wasn't written well, and you step in there, and you fix the problem because again the risk is based on locality. That is the number one consideration.

Chairman KING. Mayor Bloomberg.

Mayor BLOOMBERG. Number one, let me thank the people of Houston for everything you have done for the people of New Orleans. You are a role model, and I was lucky enough to have the Mayor of Houston Bill White as our guest to look at how we are doing, building affordable housing. And I think Mayor Williams said it exactly right. This is not a competition of who gets the highest SAT scores. This is a competition of who needs something and it is the Department of Homeland Security's obligation to help them write an application that presents the facts, not to put them in the competition. They just seem to have the objective wrong here.

Chairman KING. Gentleman from the State of Washington, who is the chairman of the Emergency Preparedness Subcommittee and former sheriff of King County, Mr. Reichert.

Mr. REICHERT. Thank you, Mr. Chairman. First of all, I can certainly identify with the chief and the commissioner on managing your resources on much smaller scale, as sheriff in Seattle with 1,100 employees, not 40,000, but still struggling with the same sort of issues. And Seattle is one of those cities that has been identified as a risk in this Nation, and we have had several instances that have occurred within our region. And we took a 24 percent cut in our grant funds.

But I wanted to just focus on—everyone on the panel today has made similar comments in that we are in a new world, that we need to think anew, and recognize and realize that the attack on September 11 changed the world and changed this Nation, and we should be focused on protecting our country and those cities that are most vulnerable, and threat and risk is the way that we need to move. There are some questions about grant moneys, and I wanted to just ask—I have a list here of moneys. First, responder funding. Both cities receive first responder funding, funding from DHS?

Mayor BLOOMBERG. Sure.

Mayor WILLIAMS. Sure.

Mr. REICHERT. Do you know the amount?

Commissioner KELLY. I don't know if you break it down into first responders. It would depend on what category you are talking about. As far as the police department is concerned, I mentioned before we had received a total since fiscal year 2002 of $280 million. Obviously we are first responders. Fire department has received over a $100 million in New York City.

Mr. REICHERT. These are grant categories. You want to receive moneys. That is certainly why we are here today, State Homeland

Security Grant Program, moneys from that. Law Enforcement Terrorism Prevention grants, Port Security grants.

Commissioner KELLY. Yes. Yeah. We received, I think, $28 million of that. That program, by the way, is being eliminated, I believe, the Terrorist Prevention Program next fiscal year.

Mr. REICHERT. Firefighter assistance grants, those are all—I just wonder, how much money—first to Mayor Williams. How much money does the City of Washington, D.C., get in Federal grants to assist them in their efforts to protect?

Mayor WILLIAMS. Yeah, comprehensively—

Mr. REISKIN. Congressman, the State this year—as a State, the District of Columbia is getting about $7.5 million from the Department of Homeland Security outside of the UASI process. That is the State Homeland Security Program, Law Enforcement Terrorism Prevention Program, and $165,000 for Citizen Corps. That is what we get as a State. There is no separate first responder program that I am aware of.

Mr. REICHERT. What is the total Federal grant moneys to the fire department, police department, emergency management, Mr. Mayor? Would you know?

Mayor BLOOMBERG. This year, under the proposed budget we will get $124 million. As I pointed out earlier, our budget, if you add $5.5 billion annually for the police department, which doesn't count our capital budget, if you add another billion and a half or so for our fire department, which doesn't count our capital budget, so a lot of things in homeland security where they give you money for capital items, that is just a whole separate thing for us and then all of these other agencies. The problem is that sometimes the ways that Homeland Security divides out, and I understand they are trying to craft something that applies nationwide. I tried to make the point before that as the old joke about clothing, one size fits all, fits nobody.

Mr. REICHERT. Yes. The $250 million that you say you spend, that comes directly out of the police department's budget? Or does the city increase the police department's budget to accomplish that? Do you have to remove personnel from the streets from other assignments, sir?

Commissioner KELLY. The $280 million we receive—

Mr. REICHERT. The Mayor mentioned the $250 million a year figure you spend in the police department.

Commissioner KELLY. Yes. Right. Again, it fluctuates from year to year depending on the threat to a certain extent, but it comes through the police department budget, yes, sir.

Mr. REICHERT. Since September 11, you have received Federal grant moneys and you have purchased some equipment in both cities and also accomplished some training. What are some of the things that you see? First to Mayor Williams, what are the things—specific things today that you need to spend some of your money on as far as equipment and training? Does the chief—

Mayor WILLIAMS. Yeah. The chief in an answer to a previous question, Congressman, mentioned the need for training, mentioned the need for enhancement of intelligence analysis, which asks that it be based on the ground level.

Mr. REICHERT. The fusion center.

Mayor WILLIAMS. Exactly, yes. Fusion center process. And in response to another part of your question, talked about in terms of the impact, not only are we failing to keep up with an ever changing and increasing threat, which is serious in and of itself as to the terrorism aspect of this, there is a back felt aspect of this, other consequence of this, which is resources you are putting here, right. Mayor Bloomberg alluded to this. You only have a limited number of funds. If you say that anti-terrorism, counterterrorism is your number one priority, then those are funds that would have been going into your neighborhoods, would have been going into better health care, would have been going into other things that a city necessarily has to do.

Mayor BLOOMBERG. Congressman, a lot of times people ask the question, well, you got this money last year. Why do you need more money? And the truth of the matter is virtually everything that we do to provide homeland security for our homeland is a recurring expense, the moneys we spend with police on the ground, we are going to have to have people next year. The training, every year there is turnover but there is also new things to learn and there is refresher stuff. Equipment, it all has service lives, it all requires maintenance. You buy a computer, the software—ongoing maintenance and software costs more than the computer every single year. So this argument that we gave you some money at one point in time, therefore, you should be protected forever, just isn't very realistic.

Chairman KING. The time of the gentleman has expired.

Mr. REICHERT. May I make one comment, Mr. Chairman?

Chairman KING. Of course.

Mr. REICHERT. Mr. Mayor, you just made my point for me. Thank you very much.

Chairman KING. The time of the gentleman has expired. I would advise the committee we will have to end this first panel at 12:15 and then 15-minute recess, we will go to the second panel.

The gentleman from Paterson, New Jersey, my good friend, Mr. Pascrell.

Mr. PASCRELL. Thank you, Mr. Chairman.

Chairman KING. Who has been patiently waiting.

Mr. PASCRELL. It is good to talk and listen to fellow Mayors. There is only 26 of us here, you know. That is part of the problem. This is a sham, not this hearing, but this whole operation, and we blame the folks that come before us in Homeland Security because we look for scapegoats, but you know better, let's be honest. Your funding—each of you in your cities, Mayor Williams, Mayor Bloomberg—was cut 50 percent in areas that we haven't even talked about. State homeland security money, yours was cut 50 percent, yours was cut 50 percent, Mayor, so when we talk about the urban part of this, the urban side of this, which both of you were devastated, unless you understand the day-to-day operations of the community, small or large in this country, you have no idea. So the pressures that are placed on both of you in terms of—you have heard it mentioned on both sides of the aisle, of the COPS program being decimated, the administration attempting to cut by 35 percent the fire grant dollars that puts more pressure on you to get the job done on a day-to-day basis. So there is bipartisanship

here, but when we leave this room, it is not bipartisanship. I don't mean the people in this room. I am talking about what is happening here and across the street. So we are going to have Homeland Security come after you, and they have to bear the brunt. They have to protect the folks down the street that have given us a budget that literally cut your funding for the whole country by $1.4 billion. So the pie got smaller, and we have decided to cut it up in a different way. So that is where we are in this moment of time.

The per capita even makes it look worse, makes it look worse. So what you brought up weeks and months and months ago, Mayor Bloomberg, about the per capita was not just a sidebar, it goes to the very, very heart of the matter, of what you need to do day to day. I asked Governor Ridge when he was in charge of this monstrosity that we put together, I asked him, did you ever see the terror on people's faces in neighborhoods that don't know whether their kids are going to come back from school? You ever see that terror? How do we respond to that terror? We respond by putting uniformed police officers, as we have done since 1993, out in the street. Of course if they are there, we can do that in community policing. What has that got to do with terror? It has a lot to do with what you have to deal with day in and day out. And frankly, I don't know how the hell you do it.

I am being honest with you. I have got a question for both of you.

Much has been said about the massive $83 million cut in New York City. Much has been said about the $31 million cut in the UASI money imposed on Washington, D.C. These are obviously significant sums of money, but I think that sometimes we all lose sight of the real significance of these cuts when we just speak in terms of dollars. Can either of you or your chiefs respectively in their areas, can you speak about how these cuts will impact your daily operations? What happens to New York and Washington, D.C., when we have to increase the alert? Does it cost you anything? If we understand your plight, we don't make these dumb moves that we are making in this budget. Either one of you or all—

Mayor BLOOMBERG. Congressman, I think, you know, Mayors—I probably speak for all the Mayors of small towns and big cities. We have budgets that we have to live within. The public wants more services and doesn't want to pay any more local taxes. We have to make decisions, allocations, pick and choose, cut back and increase depending on what there has—what the needs of the day are. But what we can't do is we can't adjust our security kinds of activities every day or every year based on funding. We have to hire people and train them, we have to build buildings, we have to buy equipment, we have to train, and those are—as Chief Ramsey said, those are long-term commitments that require a consistent funding stream, and that is one of the things that makes dealing with this so difficult.

Mr. PASCRELL. Mayor Williams.

Mayor WILLIAMS. Congressman, again there is two parts to this. I keep saying there is a risk assessment and then there is a funding. Now, based on the risk assessment, really we shouldn't have any problem because I am going to expect to see 80 percent fewer requests for aid over the next year because apparently everything

is fixed. Now, that is not going to happen. We know that. Look at the presidential inauguration, an unprecedented level and show of force at the presidential inauguration, recognizing that like New York the financial center of the world, Washington is the political center of the world, right? How has that changed? I can't even fathom that. And the chief can talk to you, as he has in our previous answers to questions, the impact material, substantive impact this has in trying to make the city work, as you suggest, Mr. Congressman.

Mr. PASCRELL. And Mr. Chairman, in New Jersey—and we responded together, as you well know, in New Jersey. What happens to New York impacts us across the river appreciably, and we are here to tell you that we are going to do everything in our power to get the Homeland Security Department—I have given up on the folks down the street. I don't know what party they belong to, to be very honest with you, but I am trying to get the Homeland Security Department to understand your plight every day and to give us a real simple explanation about what effectiveness means. Of course you have high risk and yet you weren't very effective in your application. Doesn't make any sense whatsoever.

Thank you, Mr. Chairman.

Chairman KING. Time of the gentleman has expired. Chief Ramsey and then we will close the panel.

Chief RAMSEY. Just a real quick response because there is a hidden cost in what you are saying. We get—does not cause the alert level to go up. If the alert level goes to orange, we can seek reimbursement. It stays at yellow yet the information coming in is no less important that would be actionable for us at a local level, which cost us resources. I am sure it happens in New York all the time. It certainly happens in Washington all the time. There is no reimbursement for that, but it causes you to have to extend hours, call people in especially to handle a particular situation, or what have you, and those are the kinds of hidden costs that are incurred.

Chairman KING. I would like to thank our panel. Mayor Williams, Chief Ramsey, Deputy Mayor Reiskin, Mayor Bloomberg, of course Commissioner Kelly. I excuse the first panel. I thank them for their testimony. They are excused, and the committee will stand in recess until approximately 12:30.

[Recess.]

Chairman KING. The committee will come to order. First of all, Secretary Foresman, I deeply regret keeping you waiting and I do appreciate your coming back before the committee. I know we had a classified meeting with you several weeks ago, and you and I have had a number of personal conversations and what we will do in the next session since—Chairman Lungren, you can begin the next session since you were here first. And with that, recognizing Secretary Foresman.

STATEMENT OF THE HON. GEORGE FORESMAN, UNDER SECRETARY FOR PREPAREDNESS, U.S. DEPARTMENT OF HOMELAND SECURITY

Mr. FORESMAN. Thank you, Mr. Chairman and Ranking Member Thompson and members of the committee. I appreciate the opportunity to appear today to discuss the 2006 Homeland Security

Grant Program and specifically their Urban Areas Security Initiative. Mr. Chairman and members of the committee, I will say I both appreciate and acknowledge the perspectives offered by Mayors Bloomberg and Williams. I consider Ray Kelly and Chuck Ramsey to be two of the best police professionals in America and I think it was a good discussion. And I will note that both Mayors are forceful advocates for New York City and Washington. Their communities are well served by their leadership.

But Mr. Chairman, just as the Mayors are advocates for their communities and their individual ability to ready for the risk of terrorism, the Department of Homeland Security must do the same for our entire Nation. These are not competing goals. They are complementary, albeit from different vantage points.

Mr. Chairman, I would like to be clear with several facts. Number one, New York City has the highest risk from terrorism. Their ranking in this year's analysis did not change. It is the highest funded city in the UASI program, $124 million this year and that is $44 million higher than the next urban area on the ranking list. In fact since the inception of the UASI program in 2003, New York City has received $525 million, more than twice the amount of any other city in the Nation.

The National Capital Region also ranks among the top six urban areas and ranks third in total UASI funding, having received $167 million since the start of the program.

Two, the changes in allocated funds for New York City and the National Capital Region were primarily driven by two key factors. First, there was less money available this year for UASI, specifically, 14 percent less or a total reduction of $125 million. Secondly, we have a better understanding of the risk in the other urban areas that comprise the UASI program. It is not that New York City's or the National Capital Region's risk is less. It is because the measure of risk in other areas outside of New York and the National Capital Region has increased. Forty-four of the 46 urban areas saw their relative risk measure rise this year, in some cases by three or fourfold. Why? Because we are improving in our ability to measure urban risk beyond the borders of New York City and Washington. Until now, there was little data available to support an analysis on a nationwide level outside of these two metropolitan areas.

In fact, Chicago, Newark, Jersey City, L.A., Long Beach, Houston and San Francisco required an additional $53 million to address their increased risk rankings relative to New York City.

Incidentally, after considering the 14 percent across the board reduction in UASI funding, this corresponds about approximately to the change to New York City.

Risk does not equal threat, and this is my point number three. In conducting our risk analysis, we considered population, population density, critical assets, threats based on law enforcement and intelligence data, vulnerability and consequences among other factors. Threat is one element of risk analysis. For instance, last year 11,300 critical facilities nationwide were factored into our risk analysis. This year there were more than 260,000. These are facilities that if attacked could cause grave impacts on those who live and work inside or nearby or could cause a national level impact

similar to what Mayor Bloomberg described an attack on New York City doing.

New York City had the highest risk ranking. New York City received the highest amount of funding. I have personally looked at the classified threat summaries over the last several days. We have all seen public reports in the media about arrests, investigations and the like. Commissioner Kelly underscored many of these. New York City and the National Capital Region are the most discussed, but there are threat concerns across our entire country.

Point number four, the investment justification and effectiveness of the review process was not—and I repeat, was not a measure of grant writing skills or how well programs in a particular community were performing. It was simply an analysis of how a particular urban area was tying its use of Federal funds to previously developed local, State and national strategies as well as program guidelines. It also assessed the ability of the community to ensure sustained commitment of effort beyond the availability of Federal funds. Each community can pursue any or all investment justifications with their funding that they do receive this year as long as it is not prohibitive by program regulations. My point being that the City of New York will not have to stop doing any of its programs if it chooses to apply all of its funding against those areas that it applied for funding for. None of those are exclusively prohibited.

Five, there have also been innuendos that contractors providing routine and administrative support to the effectiveness review process may have played a role in the allocation decisions. Let me be clear. All policy development and decision making during the fiscal year 2006 Homeland Security Grant Program, UASI allocation process was initiated and approved by Federal staff, specifically staff from the Department of Homeland Security. Contract staff is routinely used throughout the Federal Government to provide administrative support for everything from grant management to top secret weapons system design.

Mr. Chairman and members of the committee, what the facts demonstrate are this: New York City and the National Capital Region only received less money this year because Congress provided less money to give out this year and because we understand that other urban areas had higher risk than previously understood in previous years. New York and Washington, the National Capital Region are still the most at-risk cities in the Nation, and that is why they are both receiving the vast majority of grant money this year.

That being said, Mr. Chairman, and members in the committee, we at the Department of Homeland Security have a responsibility to look at the risk for the entire Nation, not just the risk for one or two select cities across the country. We remain committed in that effort to providing flexibility in how we assess risk and how we apply resources.

The process this year represents the lessons of 9/11. As a nation, we must understand the methods terrorists may use to kill and injure and to inflict pain on our Nation. New York City and the National Capital Region were the targets of the last attack, and they will likely be target of future attacks. But they are not alone. The

risks they face are shared by every State and every community to some degree. We at the Department of Homeland Security are charged with America's safety and security, and that is what drives the allocation of our UASI resources.

DHS continues to balance the need for maximum transparency in the funding processes with the need to avoid publicly giving our enemies a roadmap to our national vulnerabilities. We will continue to work closely with our partners at the State and local level, with Congress to ensure that we protect the entire Nation and that we provide a clear understanding of the progress we are making in reducing America's risk from terrorism.

Thank you, Mr. Chairman and members of the committee, and I look forward to your questions.

[The statement of Mr. Foresman follows:]

PREPARED STATEMENT OF GEORGE W. FORESMAN

Introduction

Chairman King, Ranking Member Thompson and Members of the Committee, thank you for the opportunity to appear before you today to discuss the Homeland Security Grant Program and specifically, concerns raised about the allocation process for the Urban Areas Security Initiative (UASI) funds.

There has been much debate and discussion during the past several weeks. Some of the information presented in public has been accurate and some has not. The debate itself is positive - it is welcome and necessary for us to be engaged in discussion over homeland security priorities and funding.

One thing however is very clear: the discussion on funding should not be an issue of placing the safety and security of any one person, community or State in America ahead of another. This is very much about making our entire nation safer and more secure by managing risk in a way that lessens the vulnerability of the entire country.

The safety and security of each and every American lies at the core of the mission of the Department of Homeland Security (DHS), and it is a mission that the men and women of the Department take seriously.

However, a safer and more secure America is not an exclusive mission of the Department of Homeland Security. America's safety and security is a shared national responsibility. It is a mission that is shared among local, State and Federal agencies, the public and private sectors and the American people. In the context of terrorism, it requires an unprecedented mix of efforts - border and immigration controls, security in our ports, and airports and protection of critical assets and infrastructure, including transportation, communication, financial and energy. Homeland security is about managing risk for the entire nation based on a comprehensive national approach; it is about applying limited resources most effectively based on our understanding of America's overall risk.

Let me be very clear, there is a critical distinction to be made: Threat is not synonymous with risk, nor is risk analysis synonymous with risk management, as I will discuss later.

There are many tools employed every day and in every way to keep our nation safer and more secure from the threat of terrorism and a host of other hazards and threats that comprise our national risk continuum. Today, I would like to focus on the Homeland Security Grant Program (HSGP).

The HSGP is the Department's primary means of homeland security assistance to the states and local communities, and it includes the State Homeland Security Program (SHSP), the Law Enforcement Terrorism Prevention Program (LETPP), and the Urban Areas Security Initiative (UASI), along with the Metropolitan Medical Response System and Citizen Corps Programs. As such, HSGP is one of the Department's most important and visible mechanisms to manage national strategic risk.

Today's testimony will focus on the method DHS utilized to evaluate the risk of terrorism to States, territories, and Urban Areas; the peer review process we employed to determine the expected effectiveness of proposed solutions, and ultimately, the risk management techniques we used to determine allocations for Fiscal Year (FY) 2006. I will go into great detail regarding how the Department strived to employ an objective, comprehensive, and fair process for allocating FY2006 HSGP grants to improve nationwide terrorism preparedness.

The debate about ″who got how much″ has overshadowed the more important discussion about the best way to use limited financial resources to increase America's security. We used an approach this year that expands our understanding of what constitutes risk while taking into account Congressional guidance encouraging our nation to move away from ″reaction″ to ″strategic preparation.″

As Secretary Chertoff said in recent remarks pertaining to this program,

″We cannot protect every single person at every moment in every place against every threat. What we have to do is manage the risk, and that means we have to evaluate consequence, vulnerability, and threat in order to determine what is the most cost-effective way of maximizing security.″

The Department's grants programs have traditionally provided financial assistance to all 50 States, the District of Columbia, the Commonwealth of Puerto Rico, and the U.S. Territories. By the end of Fiscal Year (FY) 2006, states and localities will have received from DHS over $18 billion in assistance and direct support from the Department of Homeland Security since September 11, 2001. This does not account for the additional billions made available from the Departments of Health and Human Services and Justice.

The Department is making significant, important, and vital changes to HSGP, both with the analytic capabilities that support the program and the management techniques we use to determine allocations. And, as we have all seen from the reaction to our FY 2006 allocations, implementation of risk management will not necessarily be an easy or a popular shift. However, it is an important shift and one that we take seriously. We have and will continue to solicit feedback on our processes and are willing to listen to criticism and suggestions for improving our processes. With billions of dollars being allocated each year, this is a serious business—and we believe that healthy debate about risk management principles will only make these processes better and more transparent. Despite recent successes globally in the war on terror, America's security will be a marathon and not a sprint. We need an objective funding process that will sustain improvements for the longterm.

Today, I hope to articulate the following policy considerations:

1) The objectives of the Homeland Security Grants are to enhance capabilities to prevent, deter, respond to, and recover from acts of terrorism, to be allocated based on risks, threats, vulnerabilities, and unmet target capabilities. It is long-standing Administration policy that the limited pool of Federal grant resources should be primarily used to improve long-term capabilities that provide a maximum return on investment, instead of to finance day-to-day occurring local personnel operational costs.

2) The new DHS risk assessment process incorporates the tremendous increase in relevant individual risk of urban communities, this risk in relation to other communities,and the distribution of risk across our entire nation.

3) In applying risk assessments to the grant process, DHS has emphasized the principle of risk reduction, including the peer-review assessment. This includes the likelihood that Federal resources can help reduce long-term risk and address short falls in capability. The new allocation formula, based on risk and effectiveness, strives to provide an objective process that is flexible to account for improved information on a national scale.

FY 2006–A Transition Year

In past years, DHS' risk analysis was largely driven by both population size and density. But over time we have been able to develop enhanced techniques to analyze risk. In FY 2006, the risk analysis considered three primary components: Threat, Vulnerability, and Consequence. The Threat component represents an adversary's intent to attack a specific target and its potential capability to execute the attack; the Vulnerability component embodies the susceptibility to an adversary's attack and the likelihood that it will achieve an impact; and the Consequence component measures the possible impact from such an attack.

With the enhanced methodology and broader set of data inputs, we were able to capture a truer estimation of relative risk for all urban areas. The footprint used to analyze the risk to both assets as well as geographic areas and populations was adjusted this year. This adjustment more accurately reflects the regional context in which these jurisdictions operate and the critical infrastructure that provides higher potential targets and requires protecting. There is better data better data about not just New York City and NCR, but about the entire country and across a broader range of sectors. As a result of these improvements, many areas' risk scores changed significantly, a reflection of an enhanced analytical approach to gauging the risk urban areas face relative to one another.

It is important to understand the downstream impact of these changes in relative risk. New York City and NCR do not suddenly have less risk in an absolute sense.

New York City and NCR continue to be among the highest risk Urban Areas. However, the relative values for virtually all other candidates increased this year due to our better understanding of their risk and its analysis. The relative differences among the higher risk candidates is what changed from last year to this year. Indeed, Urban Areas such as Los Angeles, Chicago, and Houston saw their share of national risk relative to New York City and NCR increase considerably, in some cases doubling or tripling compared to previous analysis. These changes in relative risk were key drivers in the changes in funding allocations.

FY 2006 also marks the first HSGP grant cycle in which the Interim National Preparedness Goal is in place to identify National Priorities and help focus local and state expenditures. This common planning framework, and the tools that support it, allows us individually as communities and states and collectively as a Nation to better understand how prepared we are, how prepared we need to be, and how we prioritize efforts to close the gap. The absence of this type of consistent preparedness target is at the forefront of many of our national shortcomings over the past 25 years. The Interim National Preparedness Goal demands that we focus attention on ″raising the bar″ of preparedness across the country to establish minimum capabilities and be prepared for the risks we face. This, along with measurement of risk, gives us an important management consideration for our grant programs.

Accordingly, the Department of Homeland Security has been aggressive in:

1) improving the risk analysis tools used to determine a National risk profile, so that we can target funding at higher risk locations, and

2) clarifying the risk management objectives for the HSGP, within the context of the Interim National Preparedness Goal

This year we have also implemented another significant change in how funds under the HSGP are allocated. In previous years, States and Urban Areas knew their funding allocations prior to submitting grant applications. Based on substantial input from the national preparedness community Congress, and our focus on risk management, Department has moved towards a risk-based approach that incorporates a competitive analysis element, to allocating funds for HSGP. This is a critical step in achieving a Homeland Security Grants Program that emphasizes risk-informed grant making, increased accountability and is focused on maximizing the return on investment of federal grant funds.

Risk-Based Analysis and Management

I would like to explain how we analyzed risk for determining the 2006 grant funding.The Department of Homeland Security has many risk management resources at its disposal people, technology, and funding are just a few. The HSGP is among the most valuable of these tools because it allows us to partner with our States, Territories and Urban Areas and First Responder communities, and support national preparedness goals.

The Administration, Congress, State and Local stakeholders, first responder organizations, and industry groups have called for more risk management approaches to inform homeland security grant allocations. There has been a clear recognition that our national approach requires that we apply federal funding resources in a way that maximizes resources to benefit all Americans.

Key to this year's process is a much better understanding of our national risk.In our effort to improve our methods for risk management of the terrorist threat we considered several key factors.

1. Ultimately, it is the States, Urban Areas and Territories that own the risk in their respective areas, and they must make investments locally that will build needed capabilities and address identified risk. DHS's risk management job is to provide them guidance, and within available resources, financial assistance to make these investments. In this program, we have been directed to invest in initiatives that promote unity of effort at the community, regional, state, and national levels. They must continue to provide tangible benefits beyond the flow of Federal dollars.

2. When managing risks, we must rely on analysis of risk to inform our management process, but be cognizant of the inherent uncertainty of this analysis. Consider this definition of risk analysis from the Society for Risk Analysis:

″Risk analysis uses observations about what we know, to make predictions about what we don't know.″

I think this sums up risk analysis in the context of homeland security quite nicely. We have carefully considered the factors that experts believe lead to risk, and we have confidence in our approach. But we are realists and we understand that risk in the terrorist context is new, constantly changing, and lacks the measuring history of data flow found in other hazards.

Terrorist threat cannot be predicted with the reliability of hurricanes or floods, or mechanical failures. No matter how much we invest in scientists and algorithms,

we cannot measure terrorism risk in an absolute sense. Therefore, we emphasize building capabilities to manage risk nationwide based on the best estimations possible. Our profile is built on an analysis of relative risk based on what is known.

3. Risk Analysis DOES NOT EQUAL Risk Management. In fact, the Society for Risk Analysis definition makes this point better than I can:

Risk analysis seeks to inform, not to dictate, the complex and difficult choices among possible measures to mitigate risks.

As this indicates, the risk analysis is only one input to the risk management process that should be considered for Homeland Security. In any risk context, risk management typically involves considerations beyond the quantifiable analysis. Risk management includes many other considerations such as management objectives, fiscal constraints, one's ability to actually impact the risks one faces, and the strategy that best serves our overall national interests. The primary risk management objective of the HSGP is to: raise the bar of preparedness across the at-risk states, territories and Urban Areas as part of an interdependent national effort by directing funds to areas of greatest risk and need.

These two objectives announced by Congress require the Department to balance the desire to focus resources on areas at relatively greater risk, with the desire topromote use of federal resources for strong solutions that ″raise the bar″ of national preparedness and address national risk.

Thus, common sense dictates that managing risk through the HSGP program involves much more than just distributing dollars in proportion to the relative risk data that we generate each year. Rather, it is viewed as a means for reducing risk and promoting national objectives.

As previously noted, DHS defines risk by three principal variables: Threat, or the likelihood of a type of attack that might be attempted, vulnerability, or the likelihood that an attacker would succeed with a particular attack type, and consequence, or the potential impact of a particular attack. The risk model used as input to the HSGP process includes both asset-based and geographically-based terrorist risk calculations. DHS combines these complementary risk calculations to produce an estimate of the relative risk of terrorism faced by a given area.

Our enemies still wish to inflict both physical and economic harm on the United States. Recognition of this threat is underscored by both the Administration's and Congress's desire to assess and categorize our national assets - things such as key transportation hubs, financial processing sites, nuclear power and chemical plants, priority communication and energy systems. These are sites that, if attacked, would have an extraordinary impact not only on the surrounding population and community, but in some cases, the nation as a whole. In the first year of this grant program we had categorized approximately 200 sites, in 2004 some 1700, in 2005 approximately 11,300. This year, we further expanded the number of sites to include many considered to be 'high risk' by the surrounding state and local jurisdiction, which brought the total number of sites in the analysis to over 260,000 sites.

This asset-based approach uses strategic threat estimates from the Intelligence Community of an adversary's intent and capability to attack different types of assets (such as chemical plants, stadiums, and commercial airports) using different attack methods. DHS analyzes the vulnerability of each asset type relative to each attack method to determine the forms of attack most likely to be successful. Additionally, DHS estimates the consequences that a successful attack would have on each asset type, including human health, economic, strategic mission, and psychological impacts. This analysis yields a relative risk estimate for each asset type, which DHS applies to a given demographic area, based on the number of each asset type present within that area.

The geographic-based approach allows DHS to consider general characteristics of a geographic area mostly independent of the assets that exist within that area. First, DHS evaluates reported threats, law enforcement activity, and suspicious incidents reported during the evaluation period.

Next, DHS considers vulnerability factors for each geographic area, such as the area's proximity to international border.

Lastly, DHS estimates the potential consequences of an attack on that area, including human health, economy, strategic mission, and psychological impacts.

DHS's ability to analyze risks to the Nation is improving each year in both breadth and sophistication. Despite the known limitations of the Department's analysis, the results confirm two fairly intuitive points:

1) The majority of the risk is contained in a handful of locations throughout the country. This is the argument so strenuously made by that handful of localities. However,

2) There are risks to other urban areas that we have begun to assess more accurately. These areas have previously received relatively small amounts of grant funding. The HSGP risk analysis considered much more than the final number of cities that made the Urban Area list. Those that made the list did so because they had a level of risk. In this case, the urban areas under UASI contain 85% of our national urban area risk. Attachment A reflects both the funding and risk curve and you can see these correspond.

Given these two results, and drawing on intuition and common sense, it seems reasonable that while we must fortify higher-risk locations, we cannot ignore the risks in the other locations.

Effectiveness

For FY 2006, States and Urban Areas submitted grant applications, called Investment Justifications, to formally request FY 2006 HSGP funding in support of their strategies and related program planning documents. These applications were reviewed through an intensive peer review process. The FY 2006, competitive grant process to allocate funds to States and Urban Areas was based on two factors:

1) The relative risk to assets and populations within the eligible applicant's geographic area, and

2) The anticipated effectiveness of the individual investments comprising the Investment Justification, in aligning to the Interim National Preparedness Goal and addressing the identified homeland security needs of each applicant.

Finding the right balance between these two factors is the central risk management challenge. It requires us to conduct extensive analysis of relative need and risk, thoroughly review applications, and rigorously analyze the potential effectiveness of the grant funds. The Department of Homeland Security conducted an unprecedented amount of analysis to arrive at decisions about grants funding. We took into consideration alignment with other national policy initiatives and statute objectives, as well as ensuring consistency of approach both over time and between the HSGP programs.

The major considerations of project requests were the following:

Relevance—Connection to the National Priorities, Target Capabilities List, State/Urban Area Homeland Security Strategy goals and objectives, and the Enhancement Plan.

Regionalization—Coordination of preparedness activities across jurisdictional boundaries by spreading costs, pooling resources, sharing risk, and increasing the value of their preparedness investments.

Impact—The effect that the investment will have on addressing threats, vulnerabilities, and/or consequences of catastrophic events.

Sustainability—The ability to sustain a target capability once the benefits of an investment are achieved through identification of funding sources that can be used beyond the current grant period.

Implementation Approach—The appropriate resources and tools are (or will be) in place to manage the Investment, address priorities, and deliver results.

States and Urban areas each submitted up to 15 investments for consideration. These investments were submitted with an Investment Justification, which allowed them to describe specific funding and implementation approaches that would help achieve initiatives outlined in the Statewide Program and Capability Enhancement Plan. This plan developed in the Fall of 2005 establishes how Urban Areas and States will work to develop their individual capabilities as part of a broader national effort. The Investment Justification allowed the States and Urban Areas to request funding for allocation to their near-term priorities, consistent with the National Priorities articulated in the Interim National Preparedness Goal.

The effectiveness review is a method to evaluate a state or Urban Area proposal in relation to others submitted and against the grant program criteria provided. It is not, I repeat it is not an evaluation of how well an initiative is or is not performing in a particular State or Urban Area. This element, added with Congressional direction and support, is designed to encourage uses of funds in accordance with pre-announced program guidelines and that will both enhance community, state and national preparedness beyond a grant period.

Peer Review Process

As we are not allocating funding to specific investments, our risk management objective was to determine the "anticipated effectiveness" of the investments contained in the Investment Justification. To do this, DHS convened a panel of a cross section of representatives from States, Territories, and Urban Areas, and from a variety of Homeland Security and Emergency Management disciplines.

States and Urban Areas sent high ranking officials to be reviewers; for example, three States sent their most senior Homeland Security Directors. From the Fire and

Rescue community, an Assistant Deputy Fire Chief, Battalion Chief, Fire Operations Chief, and a Fire Emergency Management and Communications Chief participated, from Law Enforcement, an Assistant Chief of Police, Captain of a Sheriff's Department, Commander of a Special Response Team, and a Lieutenant from a Homeland Security and Tactical Operations. All used their knowledge and experience to evaluate the anticipated effectiveness of proposed solutions from their peers. These examples are only a subset of the vast experience of peer reviewers who participated in the HSGP process.

Peer review panels were made up of reviewers from varied backgrounds and experience—and to avoid potential conflicts of interest—diversity was emphasized. Each panel included a balance of representation from each region (Eastern, Central, and Western). The peer review panels reviewed and scored each individual Investment included in the Investment Justification as well as the Investment Justification submission in its entirety. The peer review panels also reviewed the Enhancement Plan to ensure alignment among Initiatives from the Enhancement Plan with proposed Investments.

As expected, the scores for the individual investments followed a distribution from very low to very high, with the majority of scores falling in the mid-range.

The peer review process provides a significant incentive for States and Urban Areas to spend the limited pool of Federal resources on projects that will provide a meaningful return on investment and a lasting impact on reducing the risks of terrorism.

HSGP Guidance to All Communities

Prior to the release of the HSGP guidance, DHS provided extensive assistance to States and local governments in their development of updated Homeland Security Strategies and the Capability Enhancement Plans, which link investment planning to the National Priorities outlined in the Interim National Preparedness Goal. This guidance for the development of Enhancement Plans was a critical precursor to the development of successful Investment Justifications that meet the criteria assessed by the Peer Review Panel during the HSGP application process.

Between the time that the FY2006 Homeland Security Grant Program (HSGP) guidance was released on December 2, 2005, and the application due date of March 2, 2006, the DHS Grants and Training (G&T) Preparedness Officers for both the State of New York (NY) and the District of Columbia (DC) had frequent contact with NY and its Urban Areas, and DC and the National Capital Region (NCR) Urban Area. The officers were available to answer technical questions regarding the process. Due to the competitive nature of the application process, G&T staff members were not able to discuss or offer advice regarding specific program or budget proposals that may unfairly benefit one application over another.

G&T provided technical assistance to assist with the Program and Capability Review (PCR), which was the core planning process each State was required to conduct prior to submitting proposals. The PCR justified how any FY 2006 funds would be invested. Approximately 34 representatives from NY State, to include representatives from both the New York City and Buffalo Urban Areas, participated in the PCR technical assistance on November 30, 2005. Approximately 65 representatives from DC and the NCR Urban Area participated in their PCR technical assistance on January 5, 2006. Both of these sessions stressed the need to emphasize broad regionalization and include additional stakeholders, such as other local regions and the private sector, in the program planning process.

In addition to the formal PCR technical assistance deliveries, G&T Preparedness Officers had frequent, often daily, contact with the NY and NCR Urban Areas. As an example, the New York Preparedness Officer attended the NYC Urban Area Working Group meetings on a monthly basis, and a special meeting regarding the PCR process was held on November 28, 2005, for the NCR Urban Area Senior Policy Group. Representatives from DC and the NCR participated in the pilot development of the PCR technical assistance program on November 4, 2005, and served on the pilot working group to assist in shaping the PCR technical assistance offering. Feedback provided during the pilot was used to refine the design and materials prior to deployment to States and Territories across the Nation.

Allocation

To support the management objectives of HSGP, we investigated several allocation techniques, and ultimately arrived at two management decisions. First, we gave particular attention to the analysis for New York City and the National Capital Region to ensure that the allocation process optimally accounts for their risk information and infrastructure assets. In addition, we selected a two-by-two matrix approach that allows us to evaluate Investment Justifications based on the Relative

Risk to the Applicant vs. the anticipated Effectiveness of the Investment Justification submitted by that applicant.

This two-by-two matrix approach provided us with the following benefits:

It allowed us to assemble a picture of the challenge recognizing that the two factors we value: Relative Risk and anticipated Effectiveness are distinct and not inherently correlated

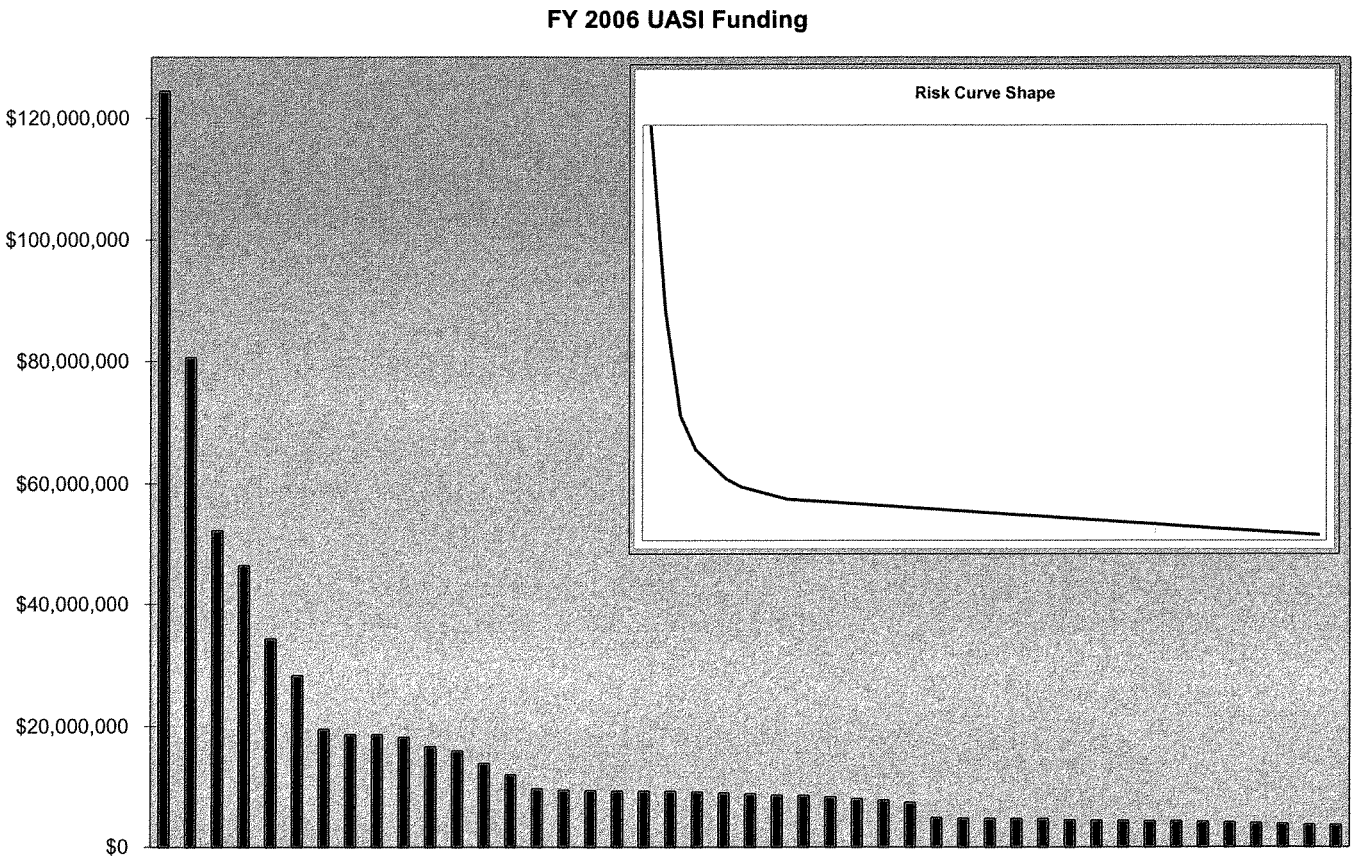
It gave us a relatively simple lens through which to view the decision space as policy makers, while still allowing a known model to drive final allocations.

To generate final HSGP allocations, we assembled two of these matrices: one for States and Territories subject to SHSP and LETPP dollars, and one for Urban Areas subject to UASI dollars. The matrices worked the same. Each applicant was plotted in the matrix by using their relative risk score and their Investment Justification Effectiveness rating.

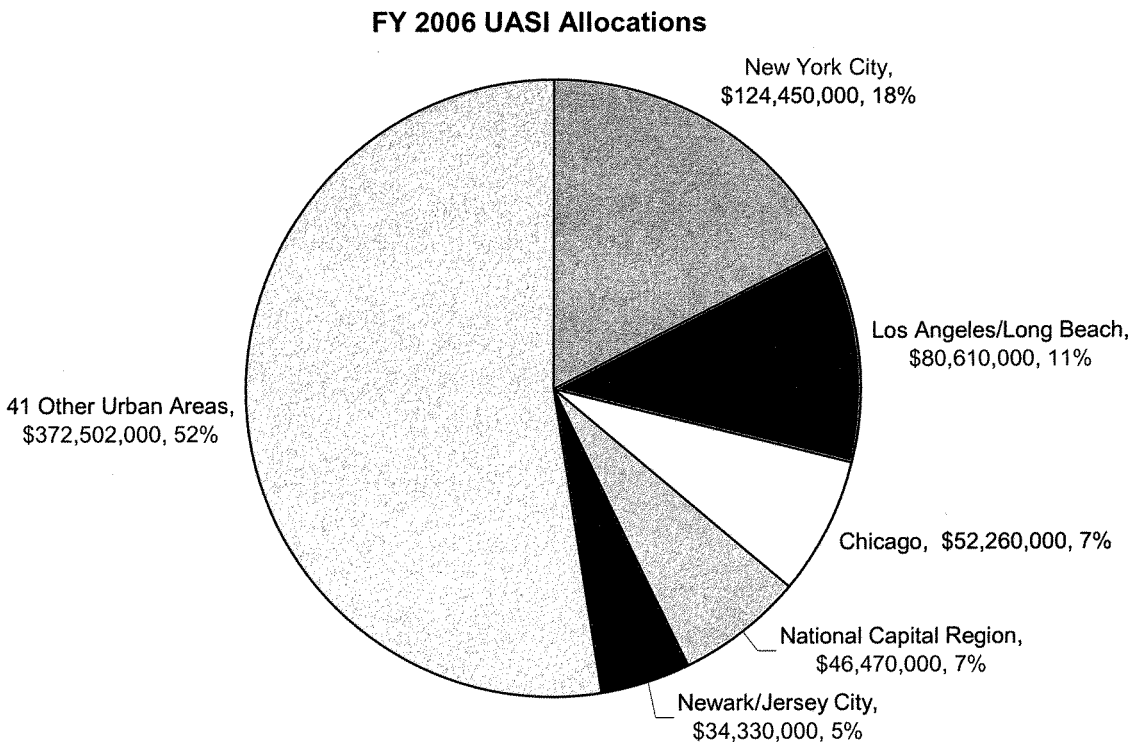
Once plotted in the matrix, each applicant fell into one of four quadrants:

Quadrant 1: higher relative risk/higher anticipated effectiveness
Quadrant 2: higher relative risk/lower anticipated effectiveness
Quadrant 3: lower relative risk/higher anticipated effectiveness
Quadrant 4: lower relative risk/lower anticipated effectiveness

Once allocations were determined for each of the four quadrants, final dollar allocations were determined. For that, Relative Risk was weighted two-thirds and anticipated effectiveness was weighted one-third to emphasize the risk-based nature of the programs while recognizing strong program solutions. Using our analytic model, we generated the final allocation results you have seen, and which are illustrated by the chart below.


FY 2006 UASI Funding
$120,000,000
$100,000,000
$80,000,000
$60,000,000
$40,000,000
$20,000,000
$0
Risk Curve Shape

UASI Grant Program Allocations



The allocation process used this year to distribute the nearly $711 million in UASI funding, $125 million less than FY 2005 (overall HSGP funding was reduced $343 million below the President's request), to 46 metropolitan areas was structured to take into account both the risk and effectiveness of the proposed investments.

New York City

NYC remains the highest-ranked city for relative risk; of the more than 260,000 assets considered in the risk analysis process, nearly 7,000 came from New York City alone. However, due to the increase in information in our analysis and our better understanding of risk in regional areas, the ″lead″ that NYC had over other urban areas is smaller than it has been in past years. In simple practical terms, this means that there are very large UASI areas out there whose relative level of risk has ″gotten closer″ to that of NYC.

Since the creation of the Urban Area Security Initiative (UASI) program, New York City has received approximately 19% of the program's total grant funding, or more than twice the amount of the second largest recipient, even though the program now covers dozens of American cities. The next largest recipient, Los Angeles, has received approximately 8% of the funds awarded through the program.

National Capital Region

The National Capital Region has received, on average, approximately 8 percent of all funding through the Urban Areas Security Initiative since the program's inception, and has received almost $214 million overall from the UASI program since 2003. Over that period, the NCR urban area has received third highest amount of grant funding from the UASI program, behind only New York City and Los Angeles/Long Beach Urban Areas.

The relatively high risk ranking played a major factor in the NCR receiving 7 percent of the total UASI funds available this year, nearly $46.5 million, and the allocation is clearly consistent with previous, annual allocation percentages.

As we look at investing Federal dollars, within the National Capital Region or elsewhere, we are seeking investments that promise to increase the overall capability of a region through funding such things as equipment and specialized training. Washington, DC, and its partners have worked hard in this area. However, we must also ensure that resources are also available to enable other at-risk communities to enhance their preparedness.

We must also consider the unique resources available to the National Capital Region through the permanent station of Federal operational resources that supplement what is being done by local and state officials. This includes air patrols, Federal law enforcement agents and other specialized federal response teams whose vigilance and capability may not be quickly available to other American urban areas. Together, these assets contribute to an integrated network that protects the National Capital Region.

Conclusion

Mr. Chairman it is essential to recognize the distinction between risk and threat. Although threat is a large component of risk, risk does not equal threat, but considers it along with vulnerability and consequences. Likewise, risk analysis informs, but does not equal risk management. We now have a much better understanding of nationwide risk then we have in the past, along with the ability to evaluate risk mitigation strategies. As a result we now have a dynamic process for managing risk that reflects the Nation's priorities. We have come a long way in our understanding of risk and as we learn we will continue to improve this still evolving process.

Managing risk is a national responsibility. We would not be acting responsibly if we simply looked at each individual state or Urban Area as its own entity in making risk-based decisions. America's security requires a comprehensive approach and the federal government has an obligation to protect the entire nation. We must take steps necessary to ensure that all of our high risk areas increase their levels of capability. The grants allocation process is not about making Omaha, or Chicago, or Washington D.C. safe and secure it's about making America safe and secure.

Providing grants to the states and Urban Areas is just one aspect of managing risk. Whether it's through border security, ensuring the security of nuclear plants, food storage facilities, financial centers across the country or cracking down on illegal immigrants, what we do in one area of the country will make a difference everywhere else.

Terrorists are working hard to exploit gaps in our efforts and the American people deserve no less than our very best effort to thwart those who would do us harm. I am confident in our ability to work together to do just that.

I would like to thank the committee for its time today and I appreciate this opportunity to bring further transparency on this process.

Chairman KING. Thank you, Mr. Foresman. Gentleman from California, Mr. Lungren.

Mr. LUNGREN. Thank you. Thank you, Mr. Chairman. I don't know. I have a whole lot of questions. I had questions for the other panel as well. I am one of those committed to a risk-based assessment. I had some concerns with the Department's database in the formulas that you use because I was informed that, for instance, in the Sacramento region while it goes up this year, it falls off the table next year. San Diego goes down somewhat—actually substantially this year and then drops off the table next year. So that brought me to a question of questioning what the data is and the way you formulate it.

I have a lot of other questions based on what was said in the prior panel. The Mayor of New York told us that most of these are recurring costs, which suggests that this is a permanent program that ought to be funded by the Federal Government. And then there was a suggestion at least by one member of the panel that somehow this wraps into the COPS program, which was a program initially started, as you may recall, in a previous administration with the promise that the government would pay, the Federal Government, 100 percent the first year, 75 percent the second year, 50 percent the third year, 25 percent the fourth year, and nothing the fifth year, and it became a permanent program here on the Federal level where all of a sudden we on the Federal level are given the responsibility of funding essential services at the local level, which is what I thought law enforcement was. And the Mayor made a statement which is very similar to what I hear from local officials in my area, which is look, I have got constituents who don't want to raise taxes or who don't want to have taxes raised on them. It is almost like there is one animal called the local taxpayer and there is another animal called the State taxpayer and there is another animal called the Federal taxpayer and we are on the far end of the food chain and therefore we can either tax or go into debt and it doesn't affect anybody, but what it gets down to is certain priorities.

I think that is what we are all about here, and I have a fundamental question about the way you have assessed the data that you bring to bear because we have heard the bragging, frankly, by your Department by now you have billions of data points instead of tens or hundreds, and yet when I see those data points brought together, you have a phenomena and I hate to change the focus of this place to the other side of the country, but let's take San Diego, which last time I checked was near an international boundary, has military installations there, has a nuclear facility within 10 miles, has a lot of foreign visitors, is vulnerable from any number of standpoints. Yet it falls off the table when it would seem that with the additional data points suggested by your Department and the different formulation that that would actually have a community like that move up.

So I guess what I am saying is, I don't have all of the deep analysis into the formula that you have used, but that doesn't seem to pass the reasonable test to me. Am I that far off base? Or does the Department acknowledge that there needs to be some refinements

of a substantial nature to take into account some of these things that don't otherwise seem to be explainable?

Mr. FORESMAN. Congressman, let me see if I can give you three short answers on that. First with regards to the infrastructure discussion. Mayor Bloomberg brought up the discussion of the Brooklyn Bridge, and there has been a lot of discussion. We counted the Statue of Liberty as we did the analysis. We counted the Brooklyn Bridge, the Empire State Building. They were grouped into categories that get a higher score, if you will, but you know the bottom line is we have got to make sure the data set is correct. We have had cases out in California with dams, for instance, that were not counted that I think as we go back and look we are looking to make sure we are going through a process to do quality control on the data sets and to make sure they are accurate with regard to the UASI program, both Buffalo and San Diego fall into the same category that we previously when we did the UASI program didn't consider proximity to the border in terms of doing that piece of risk analysis for the urban areas, and I think, Congressman, that part of where we are at, is we did not have a risk assessment process in this country for doing terrorism prior to 9/11. We had plenty of risk assessment processes for doing natural disasters because we have decades of history dealing with natural disasters. So we were charged with creating a process and it continues to move forward. To the degree that one draws kind of a straight conclusion, if the information had presented to us that New York City was not at the top of our risk chart and had it indicated to us that New York City should not have received the lion's share of dollars then I would have been much—I would have been exceptionally concerned, but what is key to understand, and I believe you all have the handout, is if you look at the risk curve and funding allocations they pretty closely track one another.

Mr. LUNGREN. Mr. Chairman, if you will indulge me one minute to ask a follow-up.

We have all heard risk has been there. People were penalized because they didn't do a good job of grant writing, and therefore we ought to get better grant writers and that, boy, if that is the case we are really missing the boat. Do you take into account things like moneys already allocated and therefore expended—do you take a look back, so to speak, to say how effectively moneys that have already gone through a program are expended or is that not part of your determination?

Mr. FORESMAN. No, Congressman, that is actually a phenomenally good example and part of the justification process is to take into account dollars that are being committed locally or that are provided to urban areas by a State as well as those that will be committed if the Federal funds are not forthcoming and will it be sustained over the longer term, and the effectiveness justification certainly serves as the basis for the allocation piece of it, but it is not a factor of bad grant writing skills or bad programs. They were just simply a measure of how the communities were articulating the cost effectiveness of these solutions. I will tell you I think we have got to do a lot of work on the terminology that we use to describe these things because that has contributed to the confusion.

Chairman KING. Gentleman from Mississippi, the ranking member.

Mr. PASCRELL. Mr. Chairman, could I have a colloquy with the gentleman from California for a second?

Chairman KING. If the gentleman from Mississippi would yield for a second?

Mr. THOMPSON. I will yield.

Mr. PASCRELL. I am concerned about what I just heard and I want to make sure I heard it correctly. You are talking about the possibility—correct me if I am wrong. You were asking questions of the Secretary—that this may become a permanent program, and you used in your analogy the COPS program. If you know what the conditions are of the COPS program, universal COPS program started in 1993 to put close to 100,000 police officers on the streets in an effort to demonstrate how effective community policing would be, and it did. It was a tremendous reduction in crime based partially on the number of police officers. But you could not simply have people leave your department and then replace them through the COPS program. You had to add and there had to be a deficiency within the department. There were very strict qualifications here.

Chairman KING. If I could ask the gentleman to—

Mr. PASCRELL. And I don't want this analogy that he has made to stand.

Chairman KING. Gentleman can address that in his own time. Secretary Foresman is here to testify.

Mr. PASCRELL. This is something that has been said, Mr. Chairman.

Chairman KING. I know. But Secretary Foresman is here to testify. Ranking Member from Mississippi.

Mr. THOMPSON. Thank you very much. Mr. Foresman, you were talking about effectiveness and the overall rating. As you know—do we have a tracking system to find out how these communities have spent their money, whether they bought it correctly? And how does that system follow into the next year? Sort of in line with what Mr. Lungren was talking about.

Mr. FORESMAN. Mr. Congressman, we had a very rudimentary approach to it, as I would offer, and we have been focused in the Department on product, sometimes to the extent of process, but as a good example the question was raised earlier just how much of the urban area security dollars had been spent either in the New York or the Washington region, for instance. And you know the best data that we have inside the Department is probably two or three weeks old. They have clearly obligated 100 percent of their money. They have great projects that they are working on, but to date they have drawn down about 41—between 41 and 45 percent of the dollars they have available to them. So the next question becomes, how have those dollars been applied and do we have a back-end process that goes on to it? And Congressman, the reason we have dedicated to these urban areas and to these States a full-time individual who does nothing but work with them on the grants is to provide that level of back-end auditing, if you will, program compliance piece of it. It is also one of the reasons why we had to do the investment justifications on the front end so that we have an

idea of being able to say this is what the urban area said they were going to spend their dollars on, and when we go back in afterwards, we need to have some basis by which to check against that.

Mr. THOMPSON. So your testimony is we have a tracking system that you are comfortable with?

Mr. FORESMAN. Well, Congressman, I am not comfortable with. And I am going to offer to you I am not going to be comfortable with it until we have realtime visibility among the State, local and Federal partners in terms of where we are with dollar utilization and until we have stronger auditing processes in place because you know I feel bad when we get into a situation where a community misuses or abuses a program and it lessens the funding that is available for a place like the National Capital Region or New York.

Mr. THOMPSON. So have you requested or recommended a tracking system to get you to where you want to be?

Mr. FORESMAN. Yes, sir, Congressman. We are looking at a grants management system in just tailoring some of the existing grants management systems that we use for the fire grants, for instance, to help us do this, but this is more process and we are redeploying personnel to provide for this, and I will tell you that I think within the space of about 90 to 120 days I will be able to sit in front of you and say I feel 100 percent comfortable. I feel 80 percent comfortable today, but not 100 percent.

Mr. THOMPSON. So you are going to use personnel rather than technology?

Mr. FORESMAN. In the case of it, it is a combination but a large part of it is personnel. I mean, it is having someone who can work with the States and the communities on program eligibility and how they are applying their dollars.

Mr. THOMPSON. So the system you are using now, can you tell me what the tracking information has brought back to you?

Mr. FORESMAN. Well, there is very little tracking information. We actually right now have to use the Department of Justice's financial management system, and we are migrating so that that is a DHS-driven activity but basically all that tells us is that we have obligated dollars to a particular community, that they have obligated those dollars and we know what the drawdown is against those dollars, but we don't have a significant amount of detail in terms of, you know, if you have drawn down $20 million what was it drawn down to be used for. It is getting that greater level of visibility into an electronic system as well as by putting people in the communities, working with New York City and Washington, D.C., and other places, and this is why we want to have people with them all the time.

Mr. THOMPSON. Well, but that seems to be an archaic method of tracking rather than a state-of-the-art system.

Mr. FORESMAN. And Congressman, let me offer it this way, I believe in technology. I think we will harness technology but technology empowers good business processes, we need to make sure we have the good business processes inside the Department, inside our grants and training shop, and once we have got those solid business processes in place then we can overlay the technology to empower it to be more efficient and more effective. But right now,

Assistant Secretary Henke and myself are focused on making sure our core business processes are sound and good.

Mr. THOMPSON. Sir, at what point will you be able to do the technology part?

Mr. FORESMAN. Congressman, I actually would hope that we would be there by the end of the calendar year if not before. Frankly, all of the business processes are in place. They are just not amalgamated and pulled together. We have a terrific example with the fire grant program that has served us well over the last several years and we are building off of that.

Mr. THOMPSON. Thank you, Mr. Chairman.

Chairman KING. Thank you, Ranking Member. The gentleman from Pennsylvania, Mr. Dent.

Mr. DENT. Thank you, Mr. Chairman. Thank you for being here. This hearing of course is focused on the UASI allocations. What I am trying to understand is, well, this year we are talking about New York City losing about $83 million in UASI funding from the previous year. I also notice too that in 2003 to 2004 New York City took about a $100 million hit. In other words, if I look at this from fiscal year 2003, New York took in about $150 million through UASI, then in 2004 they took in about $247 million. What was the cause of the substantial reduction in that fiscal year?

Mr. FORESMAN. Well, Congressman, I was not in the Department in the context of that fiscal year, and I was actually serving in my other job as a State homeland security official, and a large part of this was I think just driven by frankly the absence of having a very empirically driven analytically based ability to be able to allocate dollars and, frankly, I would be more than happy to go back and get some additional detail for you and find out what drove it.

Mr. DENT. And also I think you provided this chart, this pie chart.

Mr. FORESMAN. Yes, sir.

Mr. DENT. Where it says New York City is receiving about 18 percent of the 2006 UASI allocation. What percentage—I guess we will move it back up. We are talking about UASI and allocation. You also have—you have the State and local law enforcement grants. Are there other dollars New York City may be receiving beyond those terrorism preparedness grants that I am not aware of or that I am not very familiar with?

Mr. FORESMAN. Congressman, yes, they are, and for instance we have limited this discussion to the UASI program and the State Homeland Security Grant Program, including those dollars that go down to New York City. Overall New York State has received a little over $1.1 billion in terms of the State Homeland Security Grant Program Urban Areas Security Initiative, port security grants, transit grants and the share of New York City is about $666 million, give or take a couple of dollars there. That is outside of dollars that may have come down through the Department of Health and Human Services for their bioterrorism program and these types of things.

Mr. DENT. Well, I am just trying to get a sense of the total amount of homeland security spending that New York and the capital region are receiving. Clearly they deserve a great deal of funding because they are such likely targets but for example, you are

showing here New York City is getting 18 percent of the UASI allocation in 2006. I would be curious to see that in 2005 and 2004.

Mr. FORESMAN. If you look at it over the life of the program, they have received about 18 percent over the life of the program. The same being true for the National Capital Region, I believe is the same. They have received about 7 percent, 8 percent. They have received about equal over the life of the program.

Mr. DENT. I would also be curious in seeing the total New York City is receiving. I am assuming, for example, they may be receiving some port security funds, maybe more this year than they did in a previous year, the same for their very fine intelligence unit and counterterrorism. I would like to see the totality of funding to New York because many communities don't have as sophisticated an operation as the City of New York does. I would just like to get a better sense of this so I can explain this program better to my constituents. I don't know if you have any of that information here today.

Mr. FORESMAN. Congressman, we will get you a written response to that and I just want to go on record I agree with what Commissioner Kelly said, the importance of human intelligence. We understand that but we also recognize that some of the personnel limitations, the ability to pay for personnel costs is in part driven by what congressional direction is provided to the Department. But I will tell you the one thing that we have pushed real hard, considering what Commissioner Kelly has been able to do, we have given them the approval to use a limited amount of their dollars for intel analysts in New York City. So we are trying to be as flexible as we can within program guidelines and within the guidelines that are provided to us as a result of congressional direction.

Mr. DENT. Thank you. I yield back.

Chairman KING. Gentlelady from Texas recognized for 5 minutes.

Ms. JACKSON-LEE. Thank the Chairman. I thank the ranking member. Secretary Foresman, let me congratulate you on your appointment and as I indicated to you earlier, we are looking for stick-to-itness and of course consistency in this Department. Your addition will be I think a great asset. I am going to start—I wanted to put in the record the impact on Houston, which was considered among the top 50 percent of all urban areas based on the fiscal year 2006 DHS comparative risk analysis and among the top 25 percent of all urban areas in effectiveness proposed solutions subjected to a more than 10 percent decrease in funding by UASI, and moreover my State of Texas faced even more severe cuts in 53 percent of funding from the State Homeland Security Grant Program and 29 percent in UASI funding. I say that because I am not afraid to hold this chart up, and I think you all provided this so that you could—we could get the impact of how large a segment of the moneys went to New York and that 50 some percent was left on half the area in the other major cities such as Los Angeles and Chicago. And I hope that the political forces will not undermine you because you made a very important point. You are suffering from a 14 percent cut rather than the administration going upwards or Congress' funding going upwards. Unfortunately it went down, and therefore you were obviously operating with a smaller pot. And for us to be truthful in how do we reform this process, we need to at least give

you that measure of fact, and that is you were operating with a much smaller pot. And might I also say since I incorporated my remarks and in his absence, I want to thank Mayor Bloomberg for his kind remarks about Houston because we were talking about these kinds of grants dealing with security. We of course almost a year ago faced an enormous influx of evacuees that needed a lot of, if you will, impact money and how could we be expected to respond to the Federal Government's failure by taking evacuees and not have those dollars that are necessary.

So this spreads across a number of issues and a number of areas, but I think it is our job as members of the Homeland Security Committee, in fact, to be problem solvers. So I want to juxtapose your needs against comments that were made because I made the comments about the COPS program has been cut, the State Byrne program has been cut, the local government law enforcement block grants have been cut. And the question is whether we make them permanent. The American people want them to be permanent, law enforcement wanted them to be permanent. Coming from your position in State government, I know you utilize those programs very effectively. We know that because we got the return on it and we saw the decrease in crime. So it makes no sense for us to cut programs like this program because the American people want to be secure. So I would ask you to follow me on these questions.

You had a statement in your—a quote in your testimony that brings to mind the nightmares of philosophical gobbledy-gook, for lack of a better word. This analysis seeks to inform, not to dictate, the complex and difficult choices among possible measures to mitigate risk. I only say that because we have got to get down to the nuts and bolts of how you get these grants to the right places. Tell me, did you vet the methodology with experts like yourself in local and State government before you utilized this risk criteria? And what did—again, you are now telling me that you have after the fact and you are right. Will you vet that criteria with experts in the field? And do you know whether DHS did that?

My second question is more pointed. I am told that State and local officials are still trying to get transit port security grants that are not out yet and they can't get any answers from the Department. If the goal of the Department is to quickly get funding to those on the ground that need it and given the fact that we are two-thirds through the fiscal year, when do you think that funding might occur? But how do we solve this in terms of getting the right kind of parameters to give to the experts on the ground? The firefighter, the police officer, the commissioner, the police chief, the mayors have no time for theological philosophical grant making.

Mr. FORESMAN. Congresswoman, thank you for that question, and let me address it two ways. One, when I came into this position I had conversations with both Congressman Thompson, Chairman King and others and said that we wanted to improve the level of communication with the Congress. And we have had our focus up here briefing on this risk assessment process. We have had our folks briefing and interacting with State and local officials on this risk assessment process, but it had no meaning to everybody until they saw dollars attached to it and I completely understand that. Everything looks fine in the theoretical form. What does it mean

to my community in terms of dollars and resources? So yes, we were engaging the State and local community. Yes, we were engaging primarily through the staff in the discussions but we will—I am absolutely committed and I talked to the staff about this, we were already scheduled to bring the State and local stakeholders together in July for a meeting after action, if you will, on this year's grant cycle. I have told the staff I want them within a couple of weeks to schedule the next session of how do we look forward to next year and take some of the lesson from this year and apply it to our grant process next year.

With regard to the trends in port security, Congresswoman, I will tell you that I have personally read through all of those grant packages, each one of them, more than five times and they are not leaving the office until they are easily understood and they make sense and it is not because our team did a bad job putting them together. It is simply because a whole bunch of people helped to put them together and we just needed to go through a real strong process. Having said that, we are days away and this goes to an issue that I discussed with Chairman King when the announcements came out on this. We are constrained by not being able to tell a wide range of stakeholders how much money they are going to get because we have a congressional requirement, and I think it is a reasonable requirement, that we notify you all on the Hill about allocations, that we notify the appropriators and so frankly, you know, this all looked fine on paper, but when people saw the dollars, it had a different effect on them and I think there is a good lesson on that and we have to find a way to be able to characterize—

Ms. JACKSON-LEE. Before you finish your sentence, will you reconfigure the formula? Will you work internally to make the formula more understandable and more relevant to what we are trying to do, which is to secure the homeland?

Chairman KING. Time of the gentlelady has expired. Secretary Foresman, just answer the question.

Mr. FORESMAN. Congresswoman, without a doubt. And let me make this perfectly clear, I don't like the situation we all collectively find ourselves in in terms of this discussion and a lot of it goes back to we need to do a better job in terms of communicating with all the stakeholders.

Ms. JACKSON-LEE. Thank you. I will ask further in the direct conversation with you. Thank the Chairman.

Chairman KING. Secretary Foresman, let me again thank you for the time you have put in here today. I am sure it wasn't a totally pleasant experience listening to the first panel.

Mr. FORESMAN. Mr. Chairman, if you might, it was actually a phenomenally positive experience from our standpoint because the opportunity we—Secretary Chertoff and I have had good conversations with Mayor Bloomberg. Of course I see Mayor Williams and Chief Ramsey on a regular basis, and this is how we are going to get better because we are starting here, we are trying to create something new and we are very much committed to that.

Chairman KING. Let me just ask some brief questions, try to find some meeting of the minds here. New York was number one in risk, and as we saw from the briefing, their application ranked

somewhat near the bottom. Allowing for all limited amounts of money and the fact that other cities have acquired risk, if the New York application had been in the top one, two or three, is it fair to say New York would have gotten significantly more money?

Mr. FORESMAN. No, sir, it is not fair to say they would have gotten significantly more money. In total it might have represented somewhere between a 5 percent and 8 percent increase, but we can run the exact numbers as it relates to New York, Mr. Chairman, and provide that to you.

Chairman KING. So then even if they had used the money for capital, even if they had used the money for equipment or technology, as the Department is suggesting, they still would not have gotten a considerable amount of money more, more amount of money?

Mr. FORESMAN. That is correct.

Chairman KING. And yet we find other cities did go up significantly.

Mr. FORESMAN. Yes, sir, Mr. Chairman. And there are a couple of examples of percentage increases but places like Omaha where we have a phenomenal better understanding of the risk, a much clearer understanding of the risk and remember risk is two-thirds of it, that is 66 percent of the total allocation process is based on that. It had those types of effects on it, if you will, when you have got outside of New York City. You and I both know that New York City and Washington are the two areas we understood the risk the best even on 9/11, and over the last several years, and we are just now beginning to get the visibility outside of those two regions.

Chairman KING. Yes. Part of my point is though it is not just a question of New York is number one and other cities are three, four and five, without going into all the details of the classified briefing, there is really a tremendous gap between New York and number one, the second city. It was basically New York, maybe number two and three, and then maybe all the rest of the cities. So it was almost in a rating by itself, no one else being close to it, and based on that, and even if they had submitted a proper application it is hard to say how we could have justified making the cut. But I guess we can go back and forth on it.

Let me ask you another question. Assuming that there is more than enough money next year, and you continue to have the problems as far as the effectiveness of the applications, can you recommend a way that someone at your level or somebody at a decision making level could deal with somebody at a decision making level in the city or—I mean, to me it is really wrong that Commissioner Kelly, who is leading the largest police department in the country with all the counterterrorism, basically he found out about the cuts from me after I found out from you. I am not into that whole thing. That didn't bother me. I am just saying, Commissioner Kelly, he had no advanced notice at all that his counterterrorism, his intelligence communities units, all of that effort he had put in, he had no inkling whatsoever that that was at risk or that was being threatened. And it would seem to me it would make more sense if somehow you would have sat down with him and made it work. I mean, if they are number one risk and they are doing the best job, there should be some way to match the

two rather than just after the fact the commissioner to find out there was some defect in the application.

Mr. FORESMAN. Congressman, first, two things. Their application was not incorrect. Had their application been incorrect, they wouldn't have been considered. I guess what I would offer to you is the effectiveness score is not a report card on how well Ray Kelly—and he is doing a fabulous job with the Mayor in New York City. It is not a report card on what they are doing, and you know I have had the discussions with the management and budget folks since the conversation between Secretary Chertoff and Mayor Bloomberg. Those discussions also continue, but I think you make a very legitimate point and it is part of that after action review. This is the first year we have used a new review process. We are going to learn from this process and one of the chief things we are going to learn from this process is to make sure we are very well-connected at the right levels, and frankly, it is going to be a little bit of a wake-up call to make sure that you know when these things are submitted for hundreds of millions of dollars that they have passed off.

I lived in State government in Virginia and frequently State agencies would submit an application without any level of oversight and that was not a good way to do because on behalf of a Governor we had a perspective that we needed to provide. So I think we can certainly look at the process.

Chairman KING. I will close on this. Leaving New York aside, I would hate to find out a particular city did not get the funding it needed, was entitled to, because they applied for the wrong program or they weren't doing it in the right way and no one in the Department sat down with them before the deadline to tell them that, to somehow work it out. That is all I would ask.

Mr. FORESMAN. Mr. Chairman, I am in line with that. I would not want any American in any American city to be at greater risk because we didn't have a discussion that we could very easily have.

Chairman KING. Thank you. Gentleman from New Jersey, Mr. Pascrell.

Mr. PASCRELL. Mr. Secretary, I know what you don't want but I can tell you that what you have done to New York City does put them in greater risk, in my estimation, in every area, whether you are talking about the UASI allocation, which you explained in a forthright manner as you always have, whether you are talking about the State homeland security programs, or whether you are talking about the LETPP. Every one of those programs, New York got less money. And one could conclude from that that either there are less vulnerabilities in New York or they plugged it up, which you know is not the case. We have not done the job, the Federal Government. And this is a Federal responsibility. I am sorry I have to go back to the gentleman before from California. This is a Federal responsibility. That doesn't mean that local governments don't have responsibility. That doesn't mean that we are not in partnership. But the Federal Government has the primary responsibility of protecting our borders. We may need the backup, the local folks in doing that. They have the primary responsibility of providing the intelligence—God bless you—the police department in New Jersey have a great intelligence program, no one mentioned it this morn-

ing. It doesn't run on hot air. It is effective. It has even gotten the feds ticked off at it. Well, New York said we are going to protect ourselves. This is what we need to do. That costs money. In every one of these areas, New York got less money. And there is absolutely no rationale behind it because when we go to what you say—remember those columns we saw that one day in this highly classified meeting? We need this to be transparent, my friend, please. America, the public has a right to know what we saw that day. I don't know what the big secret is about that, to be very frank with you. I didn't see anything in there that I haven't partially read in Newsweek or Time Magazine or the New York Post or The New York Daily News. And when I look at what your criteria is, the breakdown—not your criteria, but the Department's criteria, of the effective column, remember we saw a big drop in that area, and when you are talking about implementation, what you are implementing within the Department, within the city, and the sustainability of the investment—in other words, if the Federal Government is going to make—this is a real laugher. If the Federal Government is going to be making an investment in your counterterrorism activities, we want to know what is sustainable, what is not sustainable, and the relevance of the goals in the first place. I mean, we could learn a lot from New York City Police Department, and we could learn a lot from New York City in terms of how we protect our neighborhoods and our children, etc., etc. So in that light, I want to ask you some questions.

Mr. SIMMONS. You didn't ask him any questions?

Mr. PASCRELL. Not yet. Do you think the Department of Homeland Security risk methodology vetted with experts in the risk field before it was given approval by the Department leadership to be used, was this risk methodology vetted with the experts? And was it vetted with the local people who are there geographically, psychologically in every one of these cities, and particularly now we are talking about D.C. and New York.

Mr. FORESMAN. Congressman, with respect to the methodology process, we used the national labs, the same national labs that help the Department of Defense do threat assessment and develop risk methodology that is used every day by our Defense Department for a wide range of activities. So we had a wide range of additions and practitioners that were involved in it, folks from the intelligence community, folks from the law enforcement community. To the degree that we did the briefings with the State and local officials, I think it was probably more of an after briefing, after the methodology was put together. But it brings up the issue of being able to bring them in on the front end and have that—

Mr. PASCRELL. Right. And I think you are being very honest about this. Peer review. We have peer review in the FIRE Act. We have had that from the very beginning. A very competitive process. The folks in the field are going to make a decision about whether this application is meaningful and relevant. How come we have this problem here? Why? Because it was imposed from the top down. It makes no sense. The people who have to implement this, the people who have to deal with the services within New York City and Washington, D.C., who are on the front lines day in and day out, unlike you and unlike me, they weren't involved from the

very get-go on this situation. Peer review has worked out very well in the FIRE Act. Competitors have worked out very, very well. The money goes directly to the community, doesn't even go through the State. So we have another component here. Not only should it be based—all the money should be based on risk, it should be based directly—the money should go directly to the community and directly to the service so we can look at the accountability here.

Chairman KING. Time of the gentleman is expired. Gentleman from Connecticut, Mr. Shays.

Mr. SHAYS. Thank you, Mr. Chairman. Mr. Foresman, many people I respect say you are a very capable man, and so they tell me that we should be grateful you are there. And I just want to put that on the record.

Mr. FORESMAN. Thank you, Congressman.

Mr. SHAYS. And I appreciate your candidness at the closed hearing that we had, and your approach at this hearing. Now, having said that, I would like to focus in on what I wrestle with. I was willing to see Connecticut cut if I felt everything was based on risk. And we said 60 percent would be based on risk, the Senate wanted more of it to be based on population. We had a compromise. I don't think it should just be 60 percent. I think it should be based on risk. Now, any community needs the money but it should still be based on risk. What I wrestle with is that I feel the Department did something that it was not authorized to do unless I am just misreading it. You did two-thirds risk and one-third effectiveness. Now, I will change it to say whether it is—how it scores in terms of whether it is a good grant or not. I am using the word effectiveness, but it seems to me if the grant reached a certain threshold they got a passing grade, then it should have been based on what the Congress wanted, which was totally, completely based on risk. So walk me through why effectiveness took one-third of the score.

Mr. FORESMAN. Congressman, let me address this in two parts. First with regard—we have always got to be careful to keep the programs separate, the State Homeland Security Grant Program, which every State receives a base minimum 0.75 percent and the remainder of it based on risk, which would be the type of program that would support the State of Connecticut versus the Urban Areas Security Initiative program, which is two-thirds based on risk and one-third based on the effectiveness. In the context of the effectiveness score, it was designed to make sure that we were improving capabilities, and the congressional direction that we have gotten out of the appropriations act was twofold: One, to move towards a risk-based approach and, second, to make sure we were building sustainable capabilities. The process that we chose to do that was a peer review process, and to work to ensure that it was targeted against the local and the State strategies, which Congress had directed us to make sure that communities and States were developing. So it was an approach that was identified as being reasonable.

Mr. SHAYS. Okay. Let me just say to you, though, when I looked at what we did last week and the week before and now here, if New York gets a score of the highest risk, I do agree with the chairman that the next highest risk isn't even the second, third, fourth, fifth, sixth, seventh, eighth, ninth or tenth. I think 50 per-

cent of the risk frankly is in New York City, and it just seems to me that even when you count it as scoring number one, it still gets cheated. And I would like you to tell me how I am not seeing this the way I should see it.

Mr. FORESMAN. Congressman, I think that you have come up with a conundrum that we wrestle with from a policy standpoint every day. How do you come up with a process that is both a fair and equitable process that doesn't penalize the most at-risk or the least at-risk. In a process that ensures that it is not—

Mr. SHAYS. Not the least at-risk. I want them to not get any money.

Mr. FORESMAN. When I say the least at-risk of these 46 urban areas, what is important to understand of these 46 urban areas, they represent 45 percent of the Nation's urban risk that we are able to mitigate through the efforts as we understand that risk. So I cannot sit here with 100 percent surety.

Mr. SHAYS. The fact is though that when you did do this, whoever became second in the—you didn't have gaps. You didn't decide this—that New York is the primary target, is the secondary target, is the third target or fourth or fifth, you had one and then you just moved every one right up behind it, correct?

Mr. FORESMAN. I think that is a fair statement, Congressman.

Mr. SHAYS. And it seems to me there has got to be a way to equate the risk so the number is not based on rank but based on something where you see the gap. I mean, I have been in this—I have been doing terrorist hearings since 1988, since 1998 as chairman of the National Security Subcommittee of Government Reform, and there is no question in my mind that all of us have a belief that New York City is always going to be the target and that everyone else, you know, may be.

Mr. FORESMAN. But Congressman, and I want to be very clear with this, I would agree based on my work prior to coming into this position on a national commission, and we looked at the same issues, but again, we don't want to get caught up in one of the things that we had criticized, the Federal Government was criticized, about a failure in imagination, and we are trying to find the right balance of looking at the reasonable and likely threats against—

Mr. SHAYS. I made my point. You have made your point. Let me just say Mr. Simmons is next, and he and I both have the same concerns about an urban State, Connecticut, given we don't have a large population—our largest city is 140,000, but we represent collectively a large population, and we hope we are not getting screwed.

Mr. FORESMAN. I would like to continue this conversation with you.

Mr. SHAYS. Do it with him.

Chairman KING. Time of the gentleman has expired. The other gentleman from Connecticut, Mr. Simmons.

Mr. SIMMONS. Thank you, Mr. Chairman. Let me just follow on that thought. When we first got briefed on that formula on how the formula was going to work, I had a concern that reflects my concern whenever Connecticut is confronted with a Federal formula program. Unlike most States in the country, we do not have coun-

ty-based government. It is an anachronism perhaps, but we like it. We call it home rule. We have 169 small towns. Looking specifically at New London County, we have the City of New London, adjacent is Waterford, the town of Groton, City of Groton, and the town of Ledyard. Now, within these five municipalities you have three nuclear power plants, the New London Submarine Base, Electric Boat, which is the premiere design construction facility for nuclear subs, Amtrak main line, I-95, Pfizer, Dow Chemical and a variety of other infrastructures, and yet when you look at these entities separately they don't add up. In fact, some would say when you look at them in the aggregate they don't add up. Now, in 2004, for whatever reason, New Haven added up. In 2005 and 2006, New Haven didn't add up and under the regs New Haven will no longer be considered for the UASI. And I just think that is an arbitrary standard at some future date based on changing realities, changing threat, changing information that some of those municipalities that were dropped under UASI may if reconsidered fall back within that domain, and so I would hope that these formulas are not so arbitrary that human intellectual intervention is not a possibility. And I think that is the point I would like to make, but you can comment on that if you wish.

But before you do, I would like to get back to the issue of a human intelligence, and what I thought I heard you say earlier was that Congress directed that the money for human resources be spent in a certain way and that other dollars be spent for equipment, which I understand. But you know, when you are allocating dollars for human resources and it is going to a municipality, if it is going to a meter maid, if it is going to somebody who performs, I don't know, traffic duties, I understand why the Federal Government does not have an interest in necessarily funding that through this program. They can do it through COPS or some other program. But when we are trying to train and resource these departments now to engage in the intelligence mission and when we have the responsibility under the Constitution, we the Federal Government, to provide for the common defense, which we do, Article I, Section 8, and when we consider we are engaged in a global war on terrorism and that is certainly what we debated last week, then I think the Federal Government has to be much more judicious in how it considers those requests for funding for humans because as the preceding panel made very clear, yeah, they have standard law enforcement missions and they are trying to accomplish them, but this terrorism thing is totally new and they are being held accountable for it and they need the assistance of the Federal Government on that, so are you saying this committee or this Congress did not allow human resource investment for intelligence and counterterrorism purposes. Is that your feeling?

Mr. FORESMAN. No, Congressman. That is not what I am saying. Let me address the first part of your statement with regard to infrastructure. You are right on point with the fact that we—our understanding of risk in a particular regional area changes and, for instance, if you all were to go back on the UASI list that would mean that we would have to apportion that limited pool of dollars even further than it has apportioned now. So we would be back here for another hearing. I will just let you know that but as long

as we understand that going into it. A good example being down in Houston last year, the day before Hurricane Katrina went through Louisiana, Houston had 25 percent of the Nation's petroleum production. The day after Hurricane Katrina, it owned 45 percent of the Nation's petroleum production, which meant that the relative risk of Houston both as a target, inviting target and the potential impact on the Nation had potentially doubled overnight and so, yes, it is dynamic and jurisdictions that may be off at one point as a result of change of risk specific threat information could come back on.

To the second part of your question with regard to funding, my point was this—intelligence analysts are the one area that we have been able to get an exception for being able to use a limited amount of these dollars for personnel costs. As I have noted, we have provided some additional flexibility to New York City prior to even this announcement. That was something that Commissioner Kelly had made a very articulate case about and we have provided that level of flexibility, but generally speaking, the guidance that has gone out to communities in terms of the cap, the total amount of money that they can use for overtime costs or personnel costs or those categories for personnel costs is limited, and that has been further reinforced by language in the appropriations act that has provided guidance to us.

So we are in a situation where, yes, we can do a little more in the intel world, particularly in the analyst world, not necessarily for the big cop out on the street who may be collecting intelligence, but if you were talking about a SWAT team member or something of that nature, no, we don't have that level of flexibility.

Mr. SIMMONS. So as I understand it, it is not necessarily the authorizing committees that are providing these limitations. It is the appropriations committees, and I think that, Mr. Chairman, that might be fertile ground for us to take a brief look.

Chairman KING. Thank you. I thank the gentleman. Ranking Member.

Mr. THOMPSON. Thank you very much, Mr. Chairman. I would like unanimous consent to get into the record a statement from Congresswoman Sheila Jackson Lee.

Chairman KING. Without objection, it is made part of the record.

[The statement of Ms. Jackson-Lee follows:]

PREPARED STATEMENT OF CONGRESSWOMAN SHEILA JACKSON-LEE

Mr. Chairman and Members of the subcommittee, I would like to thank you for having this hearing today, which is essential to the exercise of our oversight responsibility over the Department of Homeland Security and critical in ensuring our great nation's preparation for future terrorist threats. I would like to take this opportunity to welcome the honorable individuals serving as witnesses today: Mayors Michael Bloomberg and Anthony Williams, and Under Secretary George Foresman.

This hearing today is intended to investigate how the Department of Homeland Security explains and attempts to justify why New York City and Washington, D.C., the two areas targeted by the terrorists on 9/11, and which remain the two most at-risk jurisdictions in our nation, received an approximately 40% cut in fbnding fiom the Urban Area Security Initiative (UASI) for FY 2006, despite the fact the Department broadened its new allocation process for FY 2006 to include both risk and need. In addition, New York City and Washington, D.C., are not the only high risk cities to be subjected to the Department's maldistribution of homeland security dollars.@Iy own district of Houston, which is among the top 50% of all Urban Areas based on the FY 2006 DHS comparative risk analysis and among the top 25% of

all Urban Areas in effectiveness of proposed solutions, was subjected to a more than 10% decrease in funding by UASI. Moreover, my state of Texas faced even more severe cuts of 53% in funding from the State Homeland Security Grant Program (SHSGP) and 29% in UASI funding)Accordingly, this hearing is crucial in highlighting the Department's ongoing failure on a wide range of issues including its inability to cogently articulate the distribution of its homeland security dollars. Moreover, the Department's ineptitude in the grants allocation process is emblematic of its handling of issues vital to our nation's security, such as disaster response, FEMA assistance, port and rail security, and contracting.

As we proceed with the hearing today, I have serious concerns regarding the inadequacy of funding faced by DHS due to drastic cuts orchestrated by this Administration and Congress. One of the main reasons high risk cities have seen a cut in FY 2006 grant funding is because hding for the UASI program was cut by $120 million, the SHSGP was decimated by the 50% cut of $550 million, and the Administration has twice attempted to eliminate the Law Enforcement Terrorism Prevention Program (LETPP).

As we struggle to ameliorate the prudence and effectiveness of the Department's new allocation process, which determines the allocation of funding based on a combination of risk and anticipated effectiveness of the proposed solutions to reduce such risk, it is imperative that the Department work closely with these high risk cities and states to improve their plans to utilize DHS funds rather than simply penalizing them for the quality of their applications.

I eagerly look forward to the testimony and discussion today, and once again, I appreciate all of the witnesses for appearing today. I thank the Chairman, and I yield back the remainder of my time.

Mr. THOMPSON. I don't have any further questions. I think Mr. Pascrell has some questions for the second round.

Chairman KING. Sure, he does. Mr. Pascrell.

Mr. PASCRELL. Thank you, Mr. Chairman, Mr. Ranking Member. Mr. Secretary, why did the administration propose cutting the entire Law Enforcement Terrorism Prevention Program, which is a third major area where New York and the other cities get a lot of money?

Mr. FORESMAN. Congressman, I will be more than happy to provide you a written response for the record, but I will tell you those were decisions that preceded my arrival here in this position.

Mr. PASCRELL. Yes, because that would be quite an amount of money, too. It would be $26 million less for New York, $7 million less for New Jersey, and about $1.5 million less for Connecticut. Excuse me. Yeah. Connecticut was getting $5 million in a program. Now it is only getting $1 million this year.

Many local and State officials continue complaining that they are kept in the dark. You have heard some comments about that today, Mr. Secretary, about the decisions that are made at the Department and decisions that impact upon their communities. Do you think—what is your opinion about this, do you think the creation of a first responder advisory group that could advise the Department on grants that could advise the Department on a national response plan and other issues would be useful or is that something that would be superfluous in your mind?

Mr. FORESMAN. Congressman, my best guidance after having been brought to Washington over 25 years for discussion is whether we have a statutorily created or regulatory created group is not as important as whether we are having ongoing regular dialogue with our State and local partners. And I think the major measure of our success is the degree to [which this] we can get beyond reacting to the moment and sitting down and having frank discussions, nationwide plan review being a good example. When we released that information a number of folks said, gosh, it was a peer review,

we understand, but you all are putting it out. Give us as much detail as you can on the front end. And that went better than this grant rollout, but it did not go as well as it could and it underscores the premium of that ongoing collaboration.

Protecting America is a national effort, local, State public sector, private sector, and that is who needs to be at the table.

Mr. PASCRELL. In our haste to try to demonstrate to the American people that we are doing something, that we are really protecting—helping to protect communities throughout the United States, I think many times we rush into those decisions and don't take into account what is happening in the local level.

They have a different approach in London. When we went—the chairman mentioned a little while ago—they have a different approach. This is always a bottom-up situation that I noticed in London, a very different approach to protecting their people than we have. We expect somebody up here is going to make all the decisions, slide them down the pole and then everybody is going to be protected. And that is not how it worked out at all. It is a very eerie feeling we have about that process, and I would ask that you take—at least consider that possibility of what I have just recommended and call it as you see it.

If the goal of the Department is to quickly get the funding money to those on the ground that need it, and given the fact that we are two-thirds through this fiscal year, when do we think the funding is going to be released?

Mr. FORESMAN. The funding—the UASI and the State homeland security grant funding?

Mr. PASCRELL. Yes.

Mr. FORESMAN. Congressman, I don't have a specific date but let me provide you a written response by the close of business tomorrow.

Mr. PASCRELL. Well, we are two-thirds the way through the year.

Mr. FORESMAN. Yes, sir.

Mr. PASCRELL. How did the Department of Homeland Security find the District of Columbia—if I am not clear on the question, please tell me—to be in the bottom 25 percent in terms of risk for the State homeland security grant program when the entire District falls within the borders of the National Capital Region which is deemed to be in the top 25 percent for risk as part of the UASI program? How did you do that?

Mr. FORESMAN. Congressman, that points to the abnormality of the process. The fact that the District is considered both—

Mr. PASCRELL. The abnormality of the process?

Mr. FORESMAN. Of a process. Let me explain to you. D.C. is the one city that also has State status, if you will, under these programs. So when they are competing and the reference you made is with regard to the State homeland security grant program. When they are competing, they are competing against 50 other States as it relates to population, population density, number of critical assets, these types of things.

Also, remember that a large portion of this is based on the 0.75 percent figure and 60 percent of it based on risk. So it is a simple fact that you are comparing a city to 50 States and six territories, which probably is not the best thing in the world unless you are

the city here in the District of Columbia because you get to draw dollars both from UASI and the State homeland security grant program.

Chairman KING. The time of the gentleman has expired. You may ask one question.

Mr. PASCRELL. We plebeians have a difficult time understanding those contradictions and those abnormalities. Really, we need to take a careful look at this. You have to admit, Mr. Secretary, through all the discussions that we have had—it is not meant to embarrass the Department—we have to have answers when people ask us about these inconsistencies. When you have a high risk but your program that you submitted does not show enough effectiveness, and then when we go into the effectiveness, you know, you are spinning.

Mr. FORESMAN. Congressman, you make a very valid point. And our job, our collective job between the legislative and the executive, between all levels of government is to reassure the American public that we are doing everything we can to secure the Nation and keep them safe.

Having said that, we have to make sure that the discussions that we have about UASI and SHSGP reflect how can we fix those things that are unintended consequences of our rush to put programs together several years ago, and separate what is a discussion of a communication from where we may have good things about programs or where we may have things about programs we need to fix, and we are very much committed to doing that, sir.

Chairman KING. I thank the gentleman. Mr. Secretary, I have one final question. On the peer review panels, were they given access to classified intelligence to show, for instance, why a city may have been pursuing a specific application? In other words, were they able to put the application against the backdrop of specific threats or intelligence involving a specific city or region?

Mr. FORESMAN. Mr. Chairman, let me provide a very detailed written response to that. But I want to give you the broad brush. A large part of what we asked them to do was to take the original strategy that was developed by the region, or in this case New York City, and by the State. And those strategies developed by those local officials and those State officials were based on their understanding of the threat and the risk. And so the peer review was assessing the investment justifications against how were they going to accomplish the strategies that prior to the application process they said they needed to do.

So I will provide you a detailed written response, but I do not believe that we provided threat information and risk ranking because we simply wanted the peer review panels to look at these objectively in the context of do they make the case about how these dollars are going to address the strategy and reduce their risk.

Chairman KING. The reason I ask the question—and I will be careful how I phrase this—there are a number of situations that I am aware of in New York where the police have a particular response which in the abstract may not make sense but against the nature of the threat that they perceive it makes a lot of sense. That is why I asked the question.

Mr. FORESMAN. Mr. Chairman, I might mention, I think we would do well—we are asking for a nationwide threat map, a visual showing the more serious threats that we have experienced over the course of the last several years. I think this is something that we probably do want to get back together and show it to you all, not that it is going to measurably change other than to underscore that threats are not limited to New York City and the National Capital Region.

Chairman KING. I would also say on at least one of these threats, it may be a threat that, at least in the eyes of New Yorkers, is not fully appreciated by the Federal Government but the NYPD would have a very good case to make why—at least in their eyes why they perceive it to be a threat and why certain methods are being used.

Mr. FORESMAN. Mr. Chairman, if I might. This goes to the earlier question that you raised and I think Commissioner Kelly outlined the fact that our operational components work very closely with the City of New York. Our grants folks work very closely with the folks who do the preparation of the grant packages. We are at the stage where we need to make sure that the operational folks and the grant folks at local level, at the State level and the Federal level are all sitting in the rooms at the same time for these discussions. We are doing better. We could do much better. I want to get to the point where these type of discussions can occur before we get into the decision process.

Chairman KING. Well, on that grand note of harmony, why don't we end the hearing.

Mr. FORESMAN. Thank you, Mr. Chairman.

Chairman KING. I thank you for your testimony, and the hearing is adjourned.

[Whereupon, at 1:55 p.m., the committee was adjourned.]

APPENDIX

QUESTIONS AND RESPONSES FOR THE RECORD

UNDER SECRETARY GEORGE FORESMAN RESPONSES

TO THE HONORABLE BENNIE G. THOMPSON QUESTIONS

1. The ″low-risk″ status of some urban areas and the potential to make them ineligible for next year's UASI (UASI) funding have raised what appear to be legitimate concerns about the underlying risk assessment. Common sense suggests that places like San Diego and Las Vegas should be eligible for some funding. For example, we understand that an urban area's proximity to an international border and the partnership between federal, state, and local law enforcement was not a consideration, although it was for State-level risk. We also understand that the Department of Homeland Security did not consult with the Department of Defense to distinguish the scale, scope or value among military installations, or the municipal services that support the military presence, so a relatively remote National Guard outpost received the same weight as the nuclear ships in the Port of San Diego.

Is the Department considering modifications to the risk assessment for next year that take such factors into account?

Response:

The Department will both consider the presence of international borders and include more Department of Defense (DoD) data into the risk analysis for next year. Inclusion of international borders will be considered as a potential factor in the formulation of Fiscal Year (FY) 2007 Urban Areas Security Initiative calculations. With respect to military installations, initial discussions were held with DoD prior to the calculation of the FY 2006 analysis. While these conversations proved useful, they were not meant to be all-inclusive or final. Discussions with DoD are continuing and some important data has already been shared by them. This new data will be used in the upcoming analysis. However, it must be understood that these anticipated modifications must be approved by DHS senior leadership prior to the final calculations, and must be consistent with the Congressional Appropriations language funding these grants. Rest assured we will consider the full range of valuable input presented this year.

2. Why did the Department of Homeland Security decide to redefine the Buffalo-Niagara UASI region to the just be the City of Buffalo and a ten mile buffer around the city?

Response:

In order to determine eligibility for participating in the Fiscal Year (FY) 2006 Urban Areas Security Initiative (UASI), DHS identified all cities with a population greater than 100,000 and any city with reported threat data during the past year. Cities on that list with shared city boundaries were combined into a single entity for data count purposes. A 10-mile buffer was then drawn from the border of that city or combined entity to establish the geographical area in which data was evaluated. This enhanced approach included a broader footprint for the data analysis than previous fiscal years under the UASI program when only data within the city limits was captured and evaluated. In this case, Buffalo does not share a border with a city that has a population of over 100,000 residents.

However, the geographical area used to determine eligibility and the geographical area in which the UASI program is actually implemented at the local level are two separate issues for consideration. Jurisdictions participating in the Urban Areas Security Initiative have been and continue to be responsible for defining the actual geographic region in which the program will be implemented. At a minimum, those areas have included a core city and the county in which that city was located. Many urban areas have expanded the region covered under program implementation to include additional cities and counties, something the City of Buffalo has the opportunity to do. The UASI program has historically afforded flexibility to each Urban Area to determine implementation structures that are sensible both programmatically and operationally. This was done in recognition of the fact that each Urban Area is unique and that no single structure or approach can effectively apply to all participants in the program nationwide. However, for the purpose of eligibility, DHS developed a definition of a geographic area which it believes to be fair, and which was applied consistently across the country.

3. Has the Department of Homeland Security declined to provide either unclassified or classified briefings on the UASI awards process to Buffalo-Niagara officials and representative from other urban areas? If not, what has been the delay in meeting with many of them to discuss their area's risk assessment?

Response:

The Department has not declined unclassified or classified briefings to Buffalo-Niagara officials or representatives from other areas. Rather, the Department has encouraged jurisdictions to wait until all explanatory materials are released on the Homeland Security Grant Program allocation process to see if these materials address their questions or concerns.

Additionally, the Department's regionally-assigned Protective Security Advisor recently met with the Buffalo Urban Area working group and has begun to work with them on their concerns related to the Urban Areas Security Initiative program and the area's risk assessment. The Department is currently working with Representative Slaughter's office to schedule a briefing for the Buffalo delegation. Additionally, I have personally traveled to Buffalo to meet with area officials about their concerns.

4. In January, the Department of Homeland Security announced that 11 urban areas did not fall within the top 35 urban areas most in need of UASI funding. These 11 cities were told that they could apply for ″sustainment funding″ to allow for continuity in ongoing projects, but Buffalo-Niagara officials were given the impression that they would receive much less than FY 2005. While Buffalo did in fact receive a 48 percent cut in UASI dollars, other sustainment areas -- Tampa, Louisville, Sacramento, and Omaha -- received significant increases in funding.

Can you explain why certain sustainment areas got cut whiles others did much better than past years?

Response:

In Fiscal Year (FY) 2006, DHS introduced a new allocation methodology for evaluating applications under the Homeland Security Grant Program (HSGP), including the Urban Areas Security Initiative program. The new methodology is representative of a broader trend within DHS to prioritize homeland security resources on the basis of objective measures of risk. For the first time, DHS is able to align HSGP resources with the National Priorities and target capabilities established by the National Preparedness Goal as well as jurisdictional specific strategies.

The methodology bases HSGP allocations primarily on two factors:

1. An analysis of relative risk to assets as well as risk to populations and geographic areas.

2. The anticipated effectiveness of State and Urban Area grant proposals in addressing their identified homeland security needs.

DHS targeted resources so as to balance protection of the areas of our Nation at greatest risk with support for applicants who have undertaken significant efforts to present effective solutions. The applications were reviewed and scored by teams of peer reviewers from States and Urban Areas across the Nation, who evaluated each applicant's submission based on a standard set of criteria to determine the final effectiveness score.

Ultimately, each applicant's final funding allocation was determined using a combination of risk and effectiveness scores. The relative risk ranking for each Urban Area, including sustainment areas, may have driven part of the change. This is especially so when considering that the Department's information regarding risk across the entire nation was far greater in FY 2006 than in prior years. Additionally, in FY 2006, with the introduction of investment justifications into the allocation process, Urban Areas receiving higher effectiveness scores based on the peer-review evaluation may have also received a larger allocation.

5. How does the Department of Homeland Security account for the fact that in some areas of the United States there are extremely large urban unincorporated areas or cities that are very large geographically?

Response:

In order to analyze relative risk of candidate Urban Areas and determine eligibility for the Urban Areas Security Initiative program, DHS utilized a multi-tier analysis which was applied consistently and uniformly across the nation.

This analysis began by identifying all cities with a population greater than 100,000 and any city with reported threat data during the past year. Cities on this list with shared city boundaries were combined into a single entity for data count purposes. A 10-mile buffer was then drawn from the border of that city or combined entity to establish the geographical area in which data was evaluated. Unincorporated areas are captured through the 10-mile buffer.

6. Does the risk analysis process take into account that damage to critical infrastructure outside the arbitrary 10 mile radius can have a devastating effect on an Urban Area?

Response:

The risk analysis used in Fiscal Year (FY) 2006 did not take into account specific cascading effects based on analysis regardless of distance from the Urban Area or its core city. Such effects are the primary topic of study by the National Infrastructure Analysis and Simulation Center (NISAC)., Directed by the DHS Risk Management Division, NISAC is a collaborative effort between Sandia National Laboratories and Los Alamos National Laboratory. NISAC analyses are extremely complex and require a great deal of data from the private sector. Partnerships with private entities and their sharing of data are an ongoing challenge, but are, in part, being addressed by the Preparedness Directorate's Risk Analysis Method for Critical Asset Protection (RAMCAP) efforts. Planning for the FY 2007 Homeland Security Grant Program includes incorporating at least some aspects of cascading effects. However, as Hurricane Katrina clearly demonstrated, some limits must be placed on whatever data is used for such an analysis as the possibilities for data inclusion on interdependencies are potentially endless.

7. The Department of Homeland Security noted in a written response to a letter from Representative Doris O. Matsui (CA-05) that, ″The Department is continuing to develop a more robust risk model as it gains the capabilities to increase its knowledge of interdependencies, cascading effects and refine data sets.″

Since the Department of Homeland Security will begin evaluating risk to determine grant eligibility for the FY 2007 program in the next few months, how does the Department of Homeland Security plan on creating a more robust risk model that takes into account interdependencies, cascading effects and refined data sets?

Response:

The Office of Grants and Training held an After Action Report conference in San Diego on July 11-12, which included a three-part session on the DHS risk analysis methodology and means to improve it. The feedback at that conference, which includes suggestions and recommendations for the grant programs, is in the process of being consolidated. Both the interdependencies and data quality and review by local entities were included as issues for the Department to address.

8. Which data and timeframe was used to evaluate threats to a specific urban area or state? Did the Department of

Homeland Security make any attempt to validate or reconcile the types of FBI investigations?

Response:

There were three factors used in quantifying the threats to urban areas and states: Intelligence Community Reporting, Suspicious Activity Reports, and law enforcement activity. The Homeland Infrastructure Threat and Risk Analysis Center (HITRAC) performed the analysis and had no visibility into the specifics of any law enforcement data received from the FBI, beyond the fact there was a terrorism nexus, however, only Full-Field Investigations were utilized. The evaluation of both the reports and law enforcement activity data covered October 1, 2004 to September 30, 2005.

9. Does the Department of Homeland Security give greater credence and weight in the analysis model to critical infrastructure than to population and population density?

Response:

Neither data have greater credence. Population and population density are factors in what is termed the ″geographic risk″, and infrastructures are factors in what is termed the ″asset risk″. Additionally, within the consequences portion of the asset risk, human casualties are the most heavily weighted.

10. After all the state and urban area totals were computed, did the Department of Homeland Security take a step back from the empirical data and see if the resultant analysis could pass a reasonableness test?

Response:

In past years, DHS' risk analysis was largely driven by both population size and density. But over time DHS has been able to develop enhanced techniques to analyze risk. In Fiscal Year 2006, the risk analysis considered three primary components: threat, vulnerability, and consequence. With the enhanced methodology and broader set of data inputs, we were able to capture a truer estimation of relative risk for all urban areas. The footprint used to analyze the risk to both assets as well as geographic areas and populations was adjusted this year. This adjustment more accurately reflects the regional context in which these jurisdictions operate and the critical infrastructure that provides higher potential targets and requires protecting.

The new DHS risk analysis process incorporates the ability to assess the increase in relevant individual risk of urban communities, this risk in relation to other communities, and the distribution of risk across our entire nation. As a result of these improvements, many areas' risk scores changed significantly, a reflection of an enhanced analytical approach to gauging the risk urban areas face relative to one another. DHS is confident the results of the analysis are reasonable and more accurate than prior years. We will, however, maintain a constant evaluation process to ensure results remain reasonable.

11. How does past performance in accomplishing the Homeland Security Grant program preparedness objectives influence future awards?

Response:

Fiscal Year (FY) 2006 marks the first year in which states and urban areas applied for funding under the Homeland Security Grant Program by submitting an investment justification for evaluation through a peer review process. Included in those submissions was information about regionalization, impact, and the overall implementation approach for each proposed investment. Peer reviewers evaluated each individual investment as well as the overall portfolio of investments against specific criteria. In future years, DHS will look to include past performance as an element for consideration in the peer review process, allowing reviewers to evaluate the performance of investments from the FY 2006 process in order to better understand the scope and feasibility of related proposed investments in future years.

12. As the Department of Homeland Security works with the private sector it is equally important for local authorities to play a part in any discussion on infrastructure protection and preparedness.

What is the Department of Homeland Security doing to incorporate local authorities in partnerships with private sector owners of infrastructure?

Response:

DHS has provided both strategic direction and programmatic support to encourage the coordination of State and local homeland security and critical infrastructure protection efforts with the private sector. This is especially evident with the release of the National Infrastructure Protection Plan (NIPP) and the National Priorities in the National Preparedness Goal, particularly those parts of the goal titled Expand Regional Collaboration and Implement the NIPP. The NIPP, in particular, provides the unifying structure for the integration of existing and future critical infrastructure protection efforts and delineates roles and responsibilities for security partners in carrying out implementation activities.

Further, the Department's Infrastructure Protection Program grants provide a means by which State and local governments and private sector owners and operators can collaborate on targeted security enhancements for critical infrastructure at the local level. For example, port security grants, which emphasize prevention and detection against improvised explosive devices (IEDs), facilitate collaboration among government officials and private owners and operators on proposals for and implementation of specific projects that enhance security at the highest risk port areas. Similarly, in the case of buffer-zone protection grants, responsible local jurisdictions review and assess ways in which they can work with relevant Federal, State, local, tribal, and private sector agencies to coordinate their prevention and protection activities. Additionally, jurisdictions responsible for the protection of identified high priority assets and the development of the Buffer Zone Plans are required to coordinate their activities with the private sector, including asset owners and operators.

Lastly, the Business Executives for National Security (BENS), in partnership with DHS' Office of Grants & Training, have developed and implemented BENS Business Force Teams across the country. BENS Business Force Teams help build public-private partnerships in selected regions across the nation by connecting businesses and

government officials in order to mutually support and strengthen homeland security efforts in the region. Each partnership is directed by its region's government and business leaders; has membership that cuts across industry sectors and all levels of government; and implements multiple initiatives that improve prevention, protection, response and recovery capabilities - addressing both national and regional priorities. The BENS Business Force partnerships help fill key gaps in security by taking on initiatives that include: Business Response Network; Biological Event Preparation; Intelligence/Information Sharing; and Critical Infrastructure Risk Assessment.

13. We have heard complaints from state and local officials that the Transit and Port Security grants still aren't out yet and they are not getting answers from the Department.

If the goal of the Department is to quickly get the funding money to those on the ground that need it and given the fact that we are 2/3 through the fiscal year, when do you think the funding will be released?

Response:

Funding for these programs was announced on July 6, 2006. Applicants will have through August 4, 2006, to submit applications, and awards will be made no later than September 30, 2006.

14. What effort is your office making to track and monitor the delivery federal homeland security funds to tribal governments? What outreach efforts have your office developed to communicate to tribal nations about availability of homeland security grants?

Response:

Based on the Homeland Security Grant Program guidance, all state and local programs and expenditures are subject to review, monitoring and audit at all times. The Office of Grants and Training's (G&T) preparedness officers aggressively manage the programs and monitor the spending of all 56 states and territories. All state investments and spending plans are reported to the Department through initial Investment Justification reports and monitored through biannual financial progress reports.

G&T has a preparedness officer assigned to coordinate and liaise with tribal governments and communities in an effort to ensure the effective delivery of Homeland Security programs, technical assistance support and funds to tribal communities. To ensure full recognition of tribal needs the tribal liaison works directly with the assigned State preparedness officers as well as State, local and tribal governments to ensure the threats and risks faced by tribal communities are reduced and that State, regional and tribal jurisdictions are fully collaborative and coordinated.

In addition to the appointment of a tribal liaison, the state preparedness officers conduct regular financial and programmatic reviews through frequent program office monitoring efforts and site visits to ensure Native American communities are equitably targeted for funding and support appropriate for the identified threats and risks. The preparedness officers coordinate directly with senior state officials to address questions or concerns when they arise.

Regarding the outreach efforts, the Native American liaison has attended several tribal training events, conferences and focused meetings at every opportunity. State preparedness officers have also met with Tribal governments and representatives throughout the Country and provided focused communication dedicated to tribal leaders. G&T also reaches out to Tribal leaders and encourages their full participation in available conferences and training opportunities. G&T included a Tribal representative as a subject matter expert on Tribal issues at the FY 2006 HSGP peer review session.

15. Although many cities including New York have discussed the value of their 3-1-1 non-emergency numbers during disasters, the Department of Homeland Security has deemed that 3-1-1 systems were not eligible for homeland security grants.

Can you please provide the legal or administrative basis for the decision? Is the Department willing to review its position on 3-1-1?

Response:

Homeland Security Grant Program (HSGP) funds are appropriated for the purpose of assisting State and local governments in building their capacities to prevent, protect, respond to, and recover from major events including acts of terrorism. In Fiscal Year (FY) 2006, DHS has allowed grantees to leverage HSGP funds to address an ″all-hazards″ approach to emergency planning, response, and recovery.

3-1-1 systems provide access to non-emergency services, and are intended to help divert routine inquiries and non-emergency concerns or complaints from the public away from the 9-1-1 emergency system. Examples of calls intended for 3-1-1 systems include issues such as debris in roadway, noise complaints, non-working street lights, etc. DHS continues to believe that purchase of such systems is considered to be outside the scope of the Homeland Security Grant Program as it does not enhance a jurisdiction's ability to carry out any of the mission areas for which the HSGP funding is provided.

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