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THE PRESIDENT'S FY 2007 BUDGET: RISKED-BASED SPENDING AT THE TRANSPORTATION SECURITY ADMINISTRATION

HEARING

BEFORE THE

SUBCOMMITTEE ON ECONOMIC SECURITY, INFRASTRUCTURE PROTECTION, AND CYBERSECURITY

OF THE

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THE PRESIDENT'S FY 2007 BUDGET: RISK-BASED SPENDING AT THE TRANSPORTATION SECURITY ADMINISTRATION

Thursday, February 16, 2006

U.S. HOUSE OF REPRESENTATIVES,
COMMITTEE ON HOMELAND SECURITY,
SUBCOMMITTEE ON ECONOMIC SECURITY,
INFRASTRUCTURE PROTECTION, AND CYBERSECURITY,
Washington, DC.

The subcommittee met, pursuant to call, at 2:03 p.m., in Room 2261, Rayburn House Office Building, Hon. Daniel Lungren [chairman of the subcommittee] presiding.

Present: Representatives Lungren, Pearce, Markey, Dicks, DeFazio, and Jackson-Lee.

Mr. LUNGREN. [Presiding.] The Committee on Homeland Security's Subcommittee on Economic Security, Infrastructure Protection, and Cybersecurity is meeting to examine the president's fiscal year 2007 budget request for the Transportation Security Administration.

I would like to welcome everyone to this hearing. Today, we have the pleasure of having the TSA administrator, the Honorable Kip Hawley, to give the administration's perspective on the budget.

We are pleased to welcome you here.

The annual budget process is an important ritual for both the administration and Congress. It is not, as some would believe, a means to secure higher funding levels for our pet projects. Instead, it represents an opportunity to step back, take a hard look at our priorities and refocus on our primary missions, understanding the successes and failures of the previous year as a key part of the resource management.

The budget, as presented, asks for $6.3 billion for TSA, $4.7 billion of which would go toward aviation security. While I support the requested levels, I am concerned, as are others, that we may be spending too much on aviation relative to other homeland security priorities. We must do a better job driving down unnecessary costs and improving the effectiveness and efficiency of passenger and baggage screening.

Ultimately, I think we are all in agreement that TSA's airport screening operations are too labor-intensive. We need to move to a system that has more capital-intensive to drive up performance and drive down operating costs. I would like to hear more about the administration plans to fund new inline EDS systems.

The good news, Administrator Hawley, is that during your short tenure we have already begun to see improvements in TSA. The quick deployment of FAMS during Hurricane Katrina, flying in screeners to help the evacuation of Houston prior to Hurricane Rita, as well as trouble-free holiday seasons are testaments, I think, to your leadership and preparedness.

The risk-based changes to the CAPPS system and I believe prohibited items list were unpopular and difficult decisions. I applaud you for attempting to show the agility of a department that is necessary for us to reassess our resources and reallocate them according to changing intelligence information and our best judgment as to what the current greatest risk is.

The challenge, though, is that there is still a lot more work to do. EDS maintenance costs are projected to increase by 17 percent next year. We are nearing the end of the useful life of the original machine procured during TSA's standup. The big bill may be just around the corner if we do not begin making the necessary preparations today.

Also affecting costs are on-the-job injuries. Last year, TSA reached a milestone. As I understand it, she had more on-the-job injuries than any other federal agency. By some measures, it was more dangerous to TSA than it was to be working actually in line.

The budget projects the workers' comp claims will jump another 57 percent in fiscal year 2007. If this is true, it is clearly unacceptable. We need to get a handle on these injuries, not just because of the direct costs but also because of the effect they have on attrition, absenteeism and morale.

Screener attrition rates are still very high by our estimates. TSA will spend almost $15,000 to recruit, hire and train each new screener. We can cut down on the turnover rate. If we could cut it in half, we would save about $70 million annually. I look forward to hearing more about the proposed screener retention program.

Lastly, I am disappointed in the proposed restructuring of the airline passenger fee. If the administration seeks to raise a $1.33 billion or $1.34 billion in new security revenue, it ought to be directed on new security programs. And we would like to hear about that.

So I thank you for appearing today, and I look forward to your testimony.

The ranking member is recognized for 5 minutes, and maybe your sound system will work.

Mr. MARKEY. Thank you, Mr. Chairman, and I thank you for holding this important hearing with Assistant Secretary Hawley, and we thank you all for being here with us this afternoon.

Mr. Hawley, I have written to you and I have written to Secretary Chertoff objecting to the decision made by TSA, by President Bush to allow for four-inch scissors to be brought back into the passenger cabins of planes in the United States.

Four and a half years ago, in September of 2001, Mohammad Atta and nine other terrorists, in Boston, in my district, used a device like this to take over two planes and to begin a terrorist war against our country. They killed several hundred people from Massachusetts as they were on their way to New York City to finish

their destruction of what had been a very tranquil that we had lived in.

Now, you have decided to ban, Mr. Hawley, these devices, and you have decided to ban knives of this length, but you, President Bush have decided to allow the next generation of Mohammad Attas to bring scissors of this length onto planes, scissors that could be used to execute the very same kind of crime that Mohammad Atta and those other nine perpetrated in Boston, on September 11, 2001.

Now, if you have banned a knife this length, if you have banned box cutters, it makes no sense for you not to ban these scissors, which are now flying in planes all over our country in the passenger cabins. Either they should all be legal or they should all be illegal.

But you cannot have it both ways, Mr. Hawley. If people are going to be searching for these kind of devices and they find the scissors, it is just as easy for them to throw them away as well.

Now, my bill now has 50 co-sponsors; it is bipartisan right down the line. It is everyone from me to Dan Burton from Indiana that wants these devices banned. We have the Association of Flight Attendants, which is 46,00 flight attendants that want them banned. We have the Association of Professional Flight Attendants, a different group, with 23,000 flight attendants who wants them banned.

The Federal Law Enforcement Officers Association, including all federal air marshals, wants them banned. The Coalition of Airline Pilots Association, which includes Southwest, American, UPS and other carriers, also opposes TSA's decision.

And the families of the September victims have come out in opposition to the decision of you and President Bush to allow these devices, these killing devices back into passenger cabins of American planes.

I do not think because you have a problem with the number of screeners that the right answer is to do less screening. We need more screeners, not less scrutiny. And these are the experts—the flight attendants, the air marshals, the families of the victims of 9/11 who are begging the administration to reverse its decision before we see the repetition of that catastrophic event on September 11.

And that will be, Mr. Hawley, where I am going to be grilling you this afternoon, because I do not think you can make the distinction between these killing devices.

Thank you, Mr. Chairman.

Mr. LUNGREN. Thank you. I think my mike is now working.

The other members of the committee are reminded that opening statements may be submitted for the record.

We are pleased to have the TSA administrator, the Honorable Kip Hawley, to give testimony on the important priorities in the president's budget. And, of course, I would just remind you that your entire written testimony will appear in the record, so we ask that you limit your oral testimony to approximately 5 minutes.

And the chair now recognizes Assistant Secretary Hawley.

STATEMENT OF THE HONORABLE KIP HAWLEY, ADMINISTRATOR, TRANSPORTATION SECURITY ADMINISTRATION, DEPARTMENT OF HOMELAND SECURITY

Mr. HAWLEY. Thank you, Mr. Chairman, Congressman Markey, distinguished members of the Committee. I appreciate your introductory comments and look forward to discussing some of the issues as we go.

The President's proposed budget for fiscal year 2007 reflects a strong commitment of President Bush, Secretary Chertoff, and TSA to the security of our Nation's transportation systems.

I am proud to serve under Secretary Chertoff who is revitalizing the Department, and in a very short time has gotten all of us on the same page regarding a clear DHS strategy, and has made it a no excuses priority for components like TSA to work in concert with other Department partners.

For TSA, this means four key principles: One, making investments and operational decisions based on risk; two, taking the initiative away from terrorists by introducing unpredictability in our security processes; three, using intelligence to get ahead of the threat; and four, rebuilding and leveraging existing security network partnerships.

Because TSA has direct responsibility for aviation passenger and baggage screening, aviation-related programs represent the bulk of our budget request. TSA has requested a total of $4.7 billion for aviation security.

Technology investments continue to be a major part of our request, including $865 million to fund the acquisition, replenishment, installation and maintenance of passenger and baggage screening systems.

Just as we make investments in capital to improve both efficiency and effectiveness, it is critical that we manage and deploy our human resources based on the principles of risk, flexibility, and preparedness.

Over the last several months, we have carefully examined key workforce metrics and engaged our Transportation Security Officer (TSO) workforce on how to make improvements. Based on their input and our analysis, we are approaching these issues from several angles, including reducing attrition by creating a performance-based pay system; retention incentives for part-time TSOs and opportunities for career advancement within the TSO job category; improving effectiveness, not only by reducing turnover but by enhancing the skills of our TSO workforce through training; and continuing to reduce injury rates by reengineering baggage screening areas, focusing first on airports with the highest injury rates and quickly introducing low-cost solutions like roller tables.

We believe the changes included in our fiscal year 2007 budget will provide the necessary resources to implement these solutions.

Our responsibilities in surface transportation security, while funded with fewer direct federal dollars, are also critically important. I, and the senior leadership at TSA and DHS, spend a great deal of personal time in this area. Working in partnership with federal, state, local and industry stakeholders, TSA is focused on the goals of getting ahead of terrorists with good intelligence, good

analysis, and good information sharing, as well as building a more flexible threat response capability.

Please do not judge our surface transportation security effectiveness by simply looking at the amount of resources focused on detecting or responding to an attack that is already underway. Working with others in and out of government, our focus is to preempt terror attacks, disrupt them before an attack is in progress. This is a more effective use of resources and a much more successful approach for protecting Americans in every part of the transportation system. It is that approach that is reflected in this budget.

We have already restructured TSA headquarters operations to provide strategic focus and serve as an information resources for each mode. General managers and staff are now in place, and we are building risk-based security strategies and programs to establish standards, assess and inspect security operations, and optimize the use of all of our security resources.

TSA's budget request includes $37 million dedicated solely to surface transportation security. In addition, we have requested $21 million for TSA's Transportation Security Intelligence Service, which supports intelligence and information sharing in all transportation modes. These funds are further supplemented by a requested $600 million for targeted infrastructure grants administered by the DHS state and local program office.

Mr. Chairman, I look forward to working with the subcommittee for the coming year. Thank you again for the opportunity to testify, and I look forward to answering your questions.

[The statement of Mr. Hawley follows:]

PREPARED STATEMENT OF THE HONORABLE KIP HAWLEY

Good afternoon Chairman Lungren, Ranking Member Sanchez, and distinguished Members of the Subcommittee. Thank you for the opportunity to appear before the Subcommittee to discuss the President's budget request for the Transportation Security Administration (TSA) for fiscal year (FY) 2007.

The President's Budget reflects the strong commitment of President Bush, Secretary Chertoff, and TSA to the continued security of our Nation's transportation systems. It recognizes the need for sustained investment in transportation security, as well as the imperative to manage and deploy our human and capital resources based on the principles of risk, flexibility, and preparedness.

In particular, the President’s budget requests:

- $2.9 billion to maintain and leverage the skills of an agile TSA aviation screening workforce, by enhancing explosives detection and other critical skills, improving retention rates, and reducing injuries.
- $865 million to fund the acquisition, replenishment, installation, enhancement and maintenance of passenger and baggage screening systems.
- $699 million to support the sustained strategic deployment of a well-trained Federal Air Marshal Service to detect, deter, and defeat terrorist or criminal acts.
- $131 million for credentialing and vetting programs, including $40 million for implementation of a new passenger pre-screening process.
- $37 million to enhance TSA’s capability to respond to threats and events in the rail, transit, trucking, and maritime transportation sectors, and provide information and support to local government and private sector companies who share responsibility for security in these sectors.

In total, we request an FY 2007 budget of $6.3 billion, reflecting a modest $137.9 million increase (2%) over the enacted FY 2006 budget.

As directed in our Appropriations Acts and consistent with the analysis of the Government Accountability Office, we have initiated collection of increased levels in the air carrier fee. We have estimated a collection level of $448 million in FY 2007 and also anticipate receiving then $196 million of retroactive collections.

Risk Management

Secretary Chertoff has refocused the resources and activities of the Department of Homeland Security on the greatest security risks. As we implement this standard in TSA, we are prioritizing our actions to address threats and vulnerabilities that will have the most serious consequences, particularly in terms of lives lost, serious impacts on our transportation networks, and economic disruption. We have already begun to make operational and organizational changes at TSA that support Secretary Chertoff's risk-based strategy.

You have seen evidence of this shift in priorities in the recent changes to TSA's airport security screening protocols. These changes were based on a systematic review of the full range of measures we now employ to mitigate the risk of a terrorist attack on or using an aircraft, as well as the additional measures now available to us, including new technologies. Our analysis considered a variety of potential changes, including changes to the prohibited items list and screening procedures at TSA checkpoints, improved training in explosives detection, and the deployment of additional explosives detection equipment. The changes we adopted reflect the new and evolving threat environment, as well as what has already been done in the aviation sector to narrow our vulnerabilities.

Our FY 2007 budget request is consistent with this risk-based focus. Of particular note, TSA seeks a total of $865 million, to purchase and deploy new screening technology and maintain current equipment. This request is consistent with TSA's baggage and checkpoint screening strategic plans. The request includes an increase of $34 million for explosive detection systems maintenance, and an increase of $8.4 million to deploy and maintain additional equipment at checkpoints, such as whole body imaging systems, automated explosives spot samplers, and cast and prosthesis scanners.

Like other TSA security programs, our cargo security strategy relies on security threat assessments and a variety of random screening techniques, including the use of screening technology, canine explosive detection teams, and physical examination of cargo. Randomness contributes to increased security by making it more difficult for potential terrorists to plan and carry out attacks.

Each year, an estimated 23 billion pounds of cargo is shipped by air within the United States. About one-quarter of this cargo is carried on passenger aircraft; three-quarters is transported on all-cargo planes. All cargo carried on a passenger plane has been shipped and handled only by companies that have security programs meeting TSA requirements and that are subject to TSA security inspections. Packages that are hand-delivered to airline ticket counters for shipment are subject to TSA screening at approximately 250 airports and to TSA-approved airline screening procedures at all other airports. In addition, more than 350 canine explosives detection teams work at 85 airports nationwide conducting random screening of cargo and surveillance of cargo facilities. Any cargo to be carried on all-cargo planes that could conceivably contain a stowaway hi-jacker is subject to random screening and physical examination by the air carrier. In addition, in order to further mitigate the threat of a hi-jacking, TSA does not permit additional passengers to ride on all-cargo planes. For FY 2007, $55 million is requested for TSA's air cargo security program to support 300 air cargo security inspectors, the Known Shipper Program, and the Freight Assessment Program.

Flexibility and Unpredictability

All of the changes we instituted last fall—in our explosives detection capability, TSA screening protocols, and the prohibited items list—are important to maintaining and improving the viability of our aviation security processes. TSA must be able to adapt quickly to changes in terrorist tactics, deploy our resources effectively based on risk, and use unpredictability as a means to disrupt terrorist plots. The flexibility to make changes quickly is vital to our mission. We must retain the ability to move away from measures that are no longer needed and to move decisively when changes are required.

Agility, flexibility, and unpredictability are important security concepts that must be applied throughout the transportation network, in every mode. In London, Madrid, and elsewhere, terrorists have demonstrated their ability to carefully plan attacks and to adapt their plans in order to take advantage of and defeat even sophisticated security systems. In the aviation arena, this led us to institute additional random checkpoint screening in conjunction with the changes I discussed earlier. It has also led us to expand our testing of behavior observation techniques to identify behaviors indicative of stress, fear and/or deception in order to focus appropriate resources on determining whether an individual presents a higher risk.

In other sectors, such as transit and rail, where local governments and law enforcement agencies and private sector operators and providers have primary respon-

sibility for security, TSA is working to develop and implement risk-based strategies to support and supplement these efforts. One important component of our strategy is creating the capability to quickly deploy TSA security assets in a variety of transportation modes—both in response to threats and as part of our effort to insert additional elements of unpredictability into our security protocols.

In December, TSA launched a pilot test of our "surge" capabilities in several cities over the holiday season. TSA security and law enforcement teams, including canine teams, were sent to these communities to augment and support local law enforcement and security in a variety of transportation modes—transit, rail, and intercity bus systems. Our goal was to test our ability to move quickly enough to make a difference under threat conditions. And not surprisingly, we learned a lot.

First and foremost, we learned that we need to improve on-going communication links and information sharing through drills. We must be ready to move when and if the need arises. So we will be working with high risk communities to acquire a knowledge base about their transportation systems and develop operational relationships and communications capabilities. We will continue to disrupt terrorist planning efforts and to ensure that TSA is value-added to communities in a variety of transportation modes, particularly under elevated threat conditions.

We do not, of course, rely solely on surge teams to support surface transportation security programs. The President’s FY 2007 budget requests a total of $37 million to conduct vulnerability assessments and corporate security reviews, develop and deliver security training programs, conduct compliance inspections, sponsor and participate in security exercises, and serve as an information center for stakeholders in every transportation mode.

Getting Ahead of Terrorists

Although many of TSA's most visible programs, like aviation checkpoint screening, are intended to physically prevent terrorists from carrying out a planned attack, the reality is that much of what TSA does is focused on stopping terrorists before they launch an attack.

Information, analyzed and shared, is the heart of this defense. That is why we are working to make TSA an information resource to support our partners and stakeholders in transportation security. Our goal is to make sure that our government and private sector partners have timely information and communications from us, so that we all can be as effective as possible—not only to respond to terrorism, but to prevent it, as well.

As you know, TSA also operates a robust intelligence office that analyzes and disseminates information about threats to transportation security, serves as a liaison to the Intelligence Community and intelligence components of law enforcement agencies, and supports TSA's ability to account for and properly manage sensitive and controlled documents and information. The information and analysis developed by this office forms the core of our threat analysis function and supports our agency-wide effort to allocate resources and conduct operations based on an assessment of risk.

In FY 2007, the President's Budget requests $527 million for Transportation Security Support, including $21 million for Intelligence, $296 million for headquarters administration, and $210 million for Information Technology Core Support activities.

Closely linked to our intelligence and information sharing effort are TSA's vetting and credentialing functions, some of which are already in place and some of which are still under development. These programs include the Crew Vetting Program, the Alien Flight Student Program, the Transportation Worker Identification Credential Program, the Secure Flight Program, and Registered Traveler. Each of these programs builds upon the work of the law enforcement and intelligence agencies that provide the information necessary to prescreen passengers and transportation workers, and each program is built upon the premise that our strongest defense against terrorism is to detect terrorists before an attempt to attack. TSA proposes an overall funding level of $130.8 million for these programs, of which $ 76.1 million would come from fee revenue.

TSA Workforce Management

Based on the level of support required in FY 2006 and requested in FY 2007, we have adjusted the allocation of our Transportation Security Officers (TSO) to 43,000 FTE. In addition, by restructuring and refocusing our activities based on risk and maximizing the use of our personnel resources, we have reduced headquarters staffing by 164 positions, largely through attrition. However, our FY 2007 request includes $7.5 million for 30 additional FTE to improve TSA's acquisition function. Much of the work of TSA is accomplished through contracts, particularly the purchase and deployment of new technologies. This additional staffing will help TSA

strengthen its procurement processes and controls as well as enhance the program management function throughout the agency.

We recognize that simply managing to a budget is not sufficient; we must also improve our effectiveness and address the underlying issues that drive our workforce costs, including hiring practices that do not meet our current requirements, high employee turnover rates, and unnecessarily high on-the-job injury rates.

As you know, when TSA was created in 2002, a centralized hiring and human resources infrastructure was created to support the rapid stand-up of the Federalized screening workforce. Now that the agency is in an attrition-based hiring mode, that centralized model is no longer cost-effective. We have begun, therefore, to develop a local hiring and training system in order to achieve efficiencies and better meet our current and expected hiring requirements. These requirements include an increase in the proportion of our screening workforce that is part-time, to better match the daily peak-load workflow at airports.

In addition, we recognize that high employee turnover rates drive up hiring and training costs. Yet our screening workforce has few upward mobility opportunities within their profession, and we have not fully utilized performance incentives. In order to encourage top performance, we are deploying a pay-for-performance system and have requested an additional $10 million in FY 2007 to support pilot programs to improve recruitment and retention.

TSA has also taken steps to reduce TSO injury rates, which are a significant drain on the screening workforce. Based on the recommendations of our Screener Injury Task Force, we are implementing a nurse case management program TSA-wide to assist TSOs in getting the medical attention they need to return to work as soon as possible, and we are sending teams of industrial engineers to evaluate the 25 airports with the worst injury rates and make recommendations for improvements, including simple configuration changes and small equipment purchases (like roller tables and mats) that could have significant impacts on injury rates. Nevertheless, because the workers’ compensation payments are invoiced in arrears, we are requesting an additional $20 million to support the prior year obligations owed to the Department of Labor.

Aviation Security User Fees

Finally, I want to briefly discuss the Administration's proposal to restructure the Aviation Security User Fee. As you know, aviation passengers currently pay an aviation security user fee of $2.50 per enplanement, with a maximum of $5.00 per one-way trip. This fee has not increased since it was originally imposed in early 2002, following the 9/11 terrorist attacks. Our proposal aligns the collection of the fee with the point at which the screening is done—upon entry into the aviation system. We propose a change in the aviation security fee structure to collect a flat fee of $5.00 per one-way trip. This will have the effect of equalizing the amount that travelers between major cities and travelers who must take connecting flights pay on a round-trip basis. Restructuring the fee will also generate an additional $1.3 billion in revenue, and bring the percentage of aviation security expenses covered by passenger user fees to approximately 72 percent. Currently, user fees cover only 42 percent of the costs of aviation security.

Closing

Mr. Chairman, thank you again for this opportunity to discuss TSA's budget request and the steps we are taking to improve transportation security and the efficiency of our operations. I look forward to our continued work together and would be pleased to respond to questions.

Mr. LUNGREN. Thank you very much for your testimony.

Let me ask you about one of the smaller parts of your operation. You talked about surface transportation. I am concerned about railroads. I think, at least from our side of the table, we have only begun to scratch the surface with respect to that.

I have a large rail yard just outside my district, used to be almost within a stone's throw of the home that I had for about 14 years; it is in Roseville, California. What degree of scrutiny is applied by your operation in terms of auditing, if you will, the security measures taken by the railroads at the present time?

Mr. HAWLEY. Well, we have added 100 rail inspectors to TSA's surface transportation effort, and they are boots on the ground around the country that can do personal inspections on maintain-

ing the integrity of what is reported as measures that are underway.

In other words, the rail industry itself is responsible for the implementation of security measures and vulnerability assessments and preparedness in the event of an incident. We use our rail inspectors as a way to verify the records that are given to us.

Mr. LUNGREN. What authority do they have?

Mr. HAWLEY. They have pretty broad authority under the TSA. We have regulatory authority, inspection authority, and there is general authority that should there be view of an imminent security risk, they have authority to act. I should also add that we look at hazardous materials in its totality as opposed to just on rail or just on truck, and that we try to understand what common chemicals could be used as a weapon and try to trace them the whole supply chain.

Mr. LUNGREN. I might just say for the record, I think it is apropos of Mr. Markey's comments that on March 2 we have scheduled a classified briefing with you for all the committee members concerning the decision-making process on the prohibited items listing, so that you can discuss in a SCIF those things that went into that so that we will be following up on some of this in an area that we cannot do publicly.

I would like to ask the question that I am very concerned about, and that is this work-related injury claims among baggage screeners. I mean, it sounds absurd that it is more dangerous to be a baggage screener for TSA than virtually any other occupation in America. How did we get to that?

Mr. HAWLEY. Well, it is my personal, internal number one priority. It was the first thing when I came on board. I saw exactly what you described in terms of too many injuries. I think a lot of it had to do with the speed with which TSA was stood up, particularly for checked baggage where the ergonomics of the work flow were not really the top priority. And, as you know, a lot of our machinery is not set up in the best way so people have to do lifting of heavy bags repeatedly all day long.

We are working at it in a couple of ways. We put a nurse practitioner program in so we are able to get immediate medical attention and advice to those who get hurt. It also is my top priority in terms of our management metrics system to track the number of injuries. We are going after injuries versus going after claims. A lot of the data is based on what claims are made, and it is my experience from the private sector that the way to really move that number is to get after the injuries themselves, to measure them, understand them.

Mr. LUNGREN. Well, let me ask it in another way, and that is I am familiar with San Francisco—

Mr. HAWLEY. Yes.

Mr. LUNGREN. —International Airport. Now, that does happen to have private screeners, and their injury rate, their rate of people not showing up because of injury is so much less than what I am seeing across the board. I made some inquiries with them and they suggested that they tried to make sure that people who could pick up bags are the ones that picked up bags, and I believe they have

some of the inline systems in place as well and that from a management standpoint they seem to be able to handle it better.

Mr. HAWLEY. Yes. They do an excellent job. They have a couple of things. They have dedicated baggage handlers for the heavy bags; they hire people who are specifically fit for that task, and those people are not transportation security officers.

Mr. LUNGREN. Oh, we actually hire weightlifters to lift weights rather than screen.

Mr. HAWLEY. I think that is a good way of putting it, yes.

Mr. LUNGREN. Seems to make sense. It might make sense for the TSA federal employees to try and do the same sort of thing.

Mr. HAWLEY. We are definitely looking at that. And the other piece of their program that I think is excellent really gets to the nurse program I was telling you about earlier. In San Francisco, immediately upon somebody being hurt they have somebody that the person goes up to in a particular office who immediately contacts the medical facility, and then they drive the injured person over to it. So it is very quick, which is good from the point of view of the person who is injured and also they assure that when the person is ready to get back to work that they do in fact.

Mr. LUNGREN. Thank you very much. My time is expired. When we come back second round I want to ask you about getting emerging technology actually applied.

Mr. HAWLEY. Sure.

Mr. LUNGREN. The gentleman from the state of Washington is recognized for 5 minutes.

Mr. DICKS. One of the most important steps in ensuring our transportation security is to ensure appropriate training for all employees. On the surface transportation side, TSA has not issued a requirement that railroads and mass transit systems train their employees. Do you intend to require such training in the future?

Mr. HAWLEY. We are working within the transit community, and that is part of the security program that we track with them, and that is a very high priority part of the transit environment. On the rail training, we do not have anything on the regulatory side at this point, but, as you know, there is training in the rail industry. It is rather substantial. But that is something that we are looking at, as to what exactly that level of training is for the rail industry.

Mr. DICKS. Now, in your budget here, you have an increase in the ticket tax to pay part of the cost of the TSA program?

Mr. HAWLEY. Correct; yes, sir.

Mr. DICKS. Would you explain that?

Mr. HAWLEY. Sure. In the original bill for TSA, the Aviation and Transportation Security Act (ATSA) legislation, it was contemplated that user fees would pay for the aviation screening, and that is where the current tax comes from. Last year, as I am sure you know, TSA came forward with a proposal to increase that.

The proposal this year is different in that it is more limited. Under the current system it is $2.50 a leg, a flight segment, which works against folks who do not take direct flights, as in rural environments. This proposal says it is a flat fee. You only go through screening once per flight. So it is the same $5 that you were going to pay twice at $2.50. In other words, it is $5, and it makes the people who would have paid just $2.50 also pay $5. So that is

where the extra money comes from. And it is obviously directly related to the person who is benefiting from the service.

Mr. DICKS. Now, in your presentation, you talk about retention issues with TSA screeners and your part-time people, it is over 50 percent of them leave, I assume, in a rather short period of time. But it costs you $10,000 to train these people, as I understand it.

What are you doing to try to work to keep these—to improve your retention?

Mr. HAWLEY. Yes. Well, we have had a Transportation Security Officer (TSO) Advisory Committee on that. That committee recently met with me and my senior group, and we are working through proposals now that would include some money for retention bonuses, looking at benefits for part-time workers, tuition perhaps for students, and health benefits for retirees.

Your point on the part-time attrition is a very serious one, because in order to manage the most efficient workforce, we need to have a higher blend of the part-time worker, and with that level of attrition it is not a good economic model. Overall, it is 21 percent, but for the part-time workers, you are right, right now it is about 46 percent. So that is clearly the major pain point.

Mr. DICKS. What kind of a schedule does a part-time worker work?

Mr. HAWLEY. We try to get it to be a 4-hour block of time to match up with the rush hour, either in the morning or the afternoon.

Mr. DICKS. Okay.

Thank you, Mr. Chairman.

Mr. LUNGREN. Thank you.

The chair now recognizes the gentleman riding point, the lone ranger over there sitting by himself, the gentleman from New Mexico, Mr. Pearce.

Mr. PEARCE. I feel like the point of the spear, Mr. Chairman.

[Laughter.]

Mr. Hawley, I am taking a look through here at your numbers. What is your actual labor cost now?

Mr. HAWLEY. We spend about $3 billion. The big budget item is clearly the Transportation Security Officer. So out of the $4.7 billion for aviation security, about $3 billion of that is for Transportation Security Officers.

Mr. PEARCE. $3 billion for salaries?

Mr. HAWLEY. Yes, sir.

Mr. PEARCE. Now, am I mistaken, that was just when I was coming in, but the initial projection for the department was $100 million and then we overspent that by about $600 million, drove it up $720 million the first year, so now we are at $3 billion.

Mr. HAWLEY. I am not sure I followed the first part. What was the—

Mr. PEARCE. The initial numbers or estimates for cost for labor were going to be in the $100 million range and they ran to $700 million, and that is where The Washington Post put that article out that you are paying $1,000, $1,200 rent on $5 extension cords and that sort of thing. That was the ramp-up that you referred to in—the rapid standup on page 5 that you are talking about came under great scrutiny by The Washington Post. And so you got basi-

cally the same—how many screeners did you start out with Year 1?

Mr. HAWLEY. Well, we came down to 45,000. I do not recall exactly.

Mr. PEARCE. So you came down to 45,000. If my numbers are incorrect on this $100 million, $700 million, $3 billion transition, I would like to know, but I think I am correct.

Mr. HAWLEY. I think the issue for today is that there was a lot done 2 or 3 years ago in response to put in controls and better acquisition systems for TSA, and it has not really been a problem over the last several years at TSA. Those controls are in place, and it is a more efficient system. I think the bigger cost is the turnover cost and is the injury cost. The combination of those two is bigger.

Mr. PEARCE. What is your workers' comp modifier?

Mr. HAWLEY. I think $57 million. I know we had to move $20 million over into that category this year extra.

Mr. PEARCE. Do you figure your modifier like we in the industry have to do? You do not have to figure your cost per unit per hour?

Mr. HAWLEY. We are definitely going there. The Labor Department ends up paying it, and it is a hockey stick.

Mr. PEARCE. Have you checked fraud?

Mr. HAWLEY. Yes.

Mr. PEARCE. Do you ever find anybody that is claiming to be hurt? That is a big problem in the industry. Maybe it is not here, but I suspect that there is.

Mr. HAWLEY. Well, we have Internal Affairs that works on that, and that is clearly a piece of it.

Mr. PEARCE. What do you do when you find somebody that is fraudulently claiming—

Mr. HAWLEY. Well, prosecute.

Mr. PEARCE. Have you had any convictions?

Mr. HAWLEY. Not that I know of.

Mr. PEARCE. Have you prosecuted anybody?

Mr. HAWLEY. I do not know. I have to get back to you on that.

Mr. PEARCE. What are the benefit costs, over $3 billion total package or is that benefits and—

Mr. HAWLEY. That includes benefits.

Mr. PEARCE. So if we are going to break it down to benefits and labor, the $3 billion breaks how? I will let you get back to me on that.

Mr. HAWLEY. It is about 30 percent benefit.

Mr. PEARCE. Thirty percent benefit?

Mr. HAWLEY. Rough order of magnitude.

Mr. PEARCE. Mr. Chairman, you have to tell me when that light turns red. I cannot—

Mr. LUNGREN. No, you keep going.

Mr. PEARCE. Okay. It is like an auction, he will tell me when I bid too high.

So we have got 30 percent of the $3 billion in benefits, and you have got a benefit retention program. If I am a line officer, what are benefits going to look like to me when you are enhancing, trying to keep stable in there? What is my initial pay and what is the benefit, and what is that enhanced benefit that is going to keep me there?

Mr. HAWLEY. Okay. Rough scale, $28,000 would be your entry-level TSO. The benefits would be for the part-time employee who right now does not get any benefits. And that is the population that turns over at 46 percent. On the regular TSO, the full-time TSO are—

Mr. PEARCE. So your benefits then of your part-time are going to be more than 30 percent of their salary.

Mr. HAWLEY. We have not—

Mr. PEARCE. You cannot go in with partial insurance, you cannot go in with partial whatever, so—

Mr. HAWLEY. I think that is a fair—

Mr. PEARCE. I think that is a fair assessment?

Mr. HAWLEY. That is a fair thing. We have not got to that point yet. We are in the process now of costing the different options for the part-timers.

Mr. PEARCE. And how much were you requesting for these enhanced benefits that probably is the end of that—

Mr. HAWLEY. Well, we are requesting in the 2007 budget $10 million additional for—

Mr. PEARCE. How much is already being spent for benefits for these part-timers?

Mr. HAWLEY. Well, that is what we need to figure out. The question for us is, does the $10 million give us enough leverage, enough leverage there for the part-time benefits or is there something else we can do?

Mr. PEARCE. Are you already spending money on part-time benefits? That was my question. You are asking for $10 million. Are you already doing something and that is on top?

Mr. HAWLEY. No, sir. We have our regular fund that we use to pay our screener pay and benefits. We asked for an enhancement of $10 million to use for retention, and that is not broken out yet in the 2007 budget.

Mr. PEARCE. I think the chairman is telling me—I will wait till the next round, Mr. Chairman. Thank you.

Mr. LUNGREN. The gentleman from Massachusetts is recognized for 5 minutes.

Mr. MARKEY. Thank you, Mr. Chairman.

I am trying to, Mr. Hawley, figure out what it will take for TSA to change the rules. If someone can be stabbed to death, a flight attendant, in a hijacking attempt by this knife, they surely could be stabbed to death with scissors.

If a flight attendant is stabbed to death, would you consider changing the rules back to banning the scissors as well as the knives?

Mr. HAWLEY. Well, we look at the whole issue of risk balancing constantly, and we believe that our security measures should be flexible.

Mr. MARKEY. Can you tell me the difference between this knife and these scissors? Could you tell the committee for the record what the difference is?

Mr. HAWLEY. Yes. Yes. We did our risk analysis and from a risk to the aircraft point of view, neither of those items are significant risk items.

Mr. MARKEY. Why have you banned the knife?

Mr. HAWLEY. We had ongoing discussions with 9/11 families, flight attendants, others as we went through the process, and it was very clear that the issue of the knives was one that they cared very deeply about. We did statistical analysis to look at, "Okay, what do we benefit?" The reason we are doing this is to be able to apply more time, more effort for explosive detection.

The scissors and small tools related to about a quarter of the bags we opened; whereas, all knives, including the tiny ones and what you have in your hand there, were only about 9 percent. So we took the input from the flight attendants specifically and the 9/11 families and said that on a tradeoff there was not enough incremental benefit for us.

Mr. MARKEY. Well, just so you know, Mr. Hawley, which I made as a point in my opening statement, I will reiterate it, the flight attendants want scissors banned, the pilots want scissors banned, and the families of the 9/11 victims want scissors banned. They are all endorsing the bill, which Mr. Crowley from New York and Mr. Burton from Indiana and I have introduced.

There is no distinction in the minds of the flight attendants, the pilots or the 9/11 families on this issue, and I think that either you had to go all one way or all the other. This makes no sense whatsoever to make this kind of a distinction knowing that here in Washington they are vigorously trying to have our amendment passed into law and that the flight attendants are actually picketing at airports, passing out literature to passengers asking them to contact their congressmen to ban these scissors.

So I just do not see the distinction.

Now, let me move on to a second issue, which is cargo on planes. As you know, Mr. Hawley, at each airport in America, every single day, every one of us has to take off our shoes, have our bags go through screening, have our carry-ons go through screening, but meanwhile TSA's policy is to allow on the very same plane unscreened air freight get right around the screening process.

There is no requirement that an al-Qa'ida operative who is not even on the plane cannot put a piece of cargo on that plane that could cause a devastating, catastrophic explosion. There still is not in place in the Bush administration—and I cannot believe the president allows this to happen—a system that would have this kind of risk being posed to passengers on planes right now, all across America, on every single passenger plane.

Can you once again try to explain to this committee why Members of Congress and every American has to take off their shoes, have their bags screened, have their checked bags go through screening and then allow that kind of huge loophole through which al-Qa'ida could exploit as a weakness to cause a catastrophic event?

Mr. HAWLEY. Right. Well, the air freight on passenger planes is in fact screened, and there is a risk management basis for this.

Mr. MARKEY. It is not physically screened, Mr. Hawley, not physically screened.

Mr. HAWLEY. Let me just address the issue. So starting from the airplane and working back, what we have done is to allocate about 20 percent of our canine capacity to work the air freight issue. If you have an insider threat in the airport who puts a bomb into the hold, if it does not come through as a package, we want to be able

to mitigate that. So we start with the dog teams that go from the airplane and then work back into the cargo facility.

Mr. MARKEY. You do not use dog teams—

Mr. HAWLEY. Yes, we do.

Mr. MARKEY. —for passengers. You do not use dog teams for Mr. Lungren and I when we go through our airport. You use physical screening. Mr. Lungren and I take off our shoes every time we go through. There are no dogs sniffing in the general vicinity. Meanwhile, al-Qa'ida can put one of these packages on. If Mr. Lungren and I tried to carry that on, we would go through and the TSA screener would make us open that box.

You allow that very same package to be placed on a plane by an al-Qa'ida operative without having ever been opened, without it having been screened the way Mr. Lungren and I, our package would have been screened. And that is not screening. That is a superficial, random attempt to identify packages that might be suspicious, but you do not have the level of scrutiny which serves as an effective deterrent to al-Qa'ida exploiting that loophole.

Mr. HAWLEY. I think there are some facts—

Mr. LUNGREN. The gentleman's time is expired but you can answer the question.

Mr. HAWLEY. Okay. Back to the dogs. Dogs can find it if it is in the hold. The other thing is that any package that goes on a targeted flight, counter-to-counter, for instance, if they bring it and say, "I want this package on that flight," it goes through the same explosive detection that your suitcase does in over 90 percent of the cases. Then you work back to the cargo environment, and, as you know, there is a designated high threat portion of the cargo that is physically screened. And, as you know, that has recently tripled in number. And that is just at the airport with physical screening.

Then every package that goes on an aircraft has to be screened, it has to be known who the person is who is shipping it, it has to be known who the provider is that lets them near it. Then we have cargo inspectors who go out to enforce all that. So it is a layered security system that in fact provides a good level of security for air freight.

Mr. MARKEY. Let me just say this in conclusion: If you are right, then we do not need TSA screeners; we just need dogs. It seems to be more effective. We should have dogs there. And I will tell you the truth: They do not file for as many workman compensation claims either. So it might solve Mr. Lungren's problem as well.

Mr. LUNGREN. Big dogs.

Mr. MARKEY. But we know that dogs are not as good as human beings. We know that physical inspection of TSA inspectors is much more likely to identify problems.

Mr. LUNGREN. The gentleman's time has expired several times.

Now, the gentleman from Oregon is recognized for at least 5 minutes.

Mr. DEFAZIO. Thank you.

Thank you, Mr. Chairman.

I am sorry, we were entertaining your boss, Mr. Chertoff downstairs in the Transportation Committee, so that is why I am late, not that I do not maintain a vital interest in your agency.

Just to sort of follow up on Mr. Markey's concerns, he has emphasized the cargo side, I have always emphasized the baggage and carry-on side. And I want to know why we are not entering into a single new letter of intent for an inline explosive detection system in this country when, first off, we know that you can get them to legitimately reduce your workforce and have better security and a more efficient aviation system.

Why can't the federal government enter into any new letters of intent? For instance, Portland, Oregon, has figured out you get a net return in 18 months, we have better screening of the baggage. A lot of people do not know.

I mean, yes, we are screening the baggage, but we are not screening it all with high technology equipment. Some people are using swabs. Sometimes they swab inside the bag, sometimes outside. And as you know from the reports, swabbing the outside of a bag of a careful bomb maker will tell you absolutely nothing. Maybe swabbing the inside of the bag will not tell you anything either. You need to see into those bags better.

So, one, letters of intent.

And then, second, after you address that, if you could address where we are at on how quickly we are moving to improve bomb detection technology on persons, at the checkpoint and in carry-on bags. Since, again, for about the fifth time and for the third, I think, person in your position, I am saying the Russian incident was the last wakeup call we get before someday we wake up and read the newspapers and a bunch of planes went down by suicide bombers who wore suicide belts and/or they had sheet-lined briefcases and the detonator was around them.

I am told Mr. Chertoff said this morning, "We are looking for detonators." I throw into the middle of my briefcase an iPod, a cell phone, a BlackBerry, three different charging devices, and it is all piled in there. And you are going to tell me that you'll find the car charger that looks an awful lot on the screen to me like a detonator device. And Ramzi Yousef—you know about that. Anyway.

Mr. HAWLEY. Yes, sir. And in the tragedy that you described in Russia, you would not want me to come up here and say, "At least there were not scissors on that plane." We are on exactly the same wavelength as far as the threat that explosives present and the vulnerabilities that we have.

Mr. DEFAZIO. No, and I appreciate that you have redirected efforts there, but I am worried that we are not addressing it with a sense of urgency and dollars to back that up.

Mr. HAWLEY. Well, we are absolutely addressing with a sense of urgency, and we had 18,000 of our TSOs trained by the Monday before Thanksgiving, and we have continued that training for we are probably up to over 25,000 of our folks. These are bomb technicians doing the training, not a trainer, but a bomb disposal expert, a certified bomb person working individually with our TSOs. So we are all over that.

The reason that we did the scissors and the small tools is so that instead of their spending time looking for those, they can get monthly the same level of training so that it is reinforced. In fact there are a lot more sophisticated things we can do with our existing technology and with our existing people if we can train them.

Mr. DEFAZIO. We can do better things, and I agree, but there is still not a substitute for follow-on technology that goes directly to the threat of bombs.

Mr. HAWLEY. Absolutely. And I would say that to shortcut all this stuff, fiscal year 2008, fiscal year 2009 is probably the earliest that we can expect to get the full widespread deployment across the system of technology that all of us would be comfortable with from that perspective.

So that says to me that in the next couple of years that my job is to make the most out of what we have got, and that is our approach.

Mr. DEFAZIO. Okay. But I guess that raises the issue of the number of employees. As you know, some members of Congress who never liked the idea of the TSA or federal workforce arbitrarily slashed the number a few years ago. A number of your predecessors promised Mr. Mica—we then had jurisdiction in aviation—that they would do a bottom-up review given the fact that we do not have inline EDS in a lot of airports, given the fact that we are using other measures that are much more labor-intensive throughout the whole system, given the fact that we are putting these kinds of exacting demands trying to find things, that they would give us a bottom-up review on how many people they needed.

We have never seen that. I think the last time you testified I asked you about that, and you said you thought you had enough people. But I still question the fact that we have not done the bottom-up review. And if that is an adequate number of—what we were told by the appropriators was, "Well, we are cutting it because we are buying new technology," but we are not.

There are no new letters of intent. We are not buying the new technology to go downstairs, so we are still requiring the TSA people to yard the bags around, swab them, do all this other stuff that might or might not find a bomb. I mean, when are we going to get letters of intent? When are we going to move to modern systems in our airports?

Mr. HAWLEY. The letters of intent refer to, essentially, existing technology with EDS, and there is incremental improvement that is being rolled out, and there is money in the budget for that.

What was the first part?

Mr. DEFAZIO. But there are no new letters of intent.

Mr. HAWLEY. Right.

Mr. DEFAZIO. For instance, Portland Airport, they do not have the money to do it on their own. They will cost share. They show that within 18 months you would be saving money every day by having fewer TSA employees in that airport.

Mr. HAWLEY. Right.

Mr. DEFAZIO. And I think you would agree with me that that would be a more effective system to find bombs than the current system they are using in that airport, and I will not go into the details.

Mr. HAWLEY. Yes.

Mr. DEFAZIO. If it was the modern machines with the throughput.

Mr. HAWLEY. For the large airports, the inline system is the way to go. The issue I think is money, the financing of it. It does pay

for itself, it is very effective, and I do not believe there is enough money in the federal budget for us to be able to do that. In the private sector, there is financing that—this is something that is financeable—that you really have a pretty good basis for.

And back to the number issue, I think that Mr. Pearce and Mr. Lungren both commented on the injuries and absenteeism. I cannot be comfortable telling you that we do not have enough people when we have the absenteeism and the injury rate that we have.

Mr. DEFAZIO. I think just to follow up on my chairman's concern, I think it has been pointed out if you hired less skilled, lower-wage people to yard the bags around where you do not have inline EDS, instead of the TSA employees who are paid a higher wage and who are supposed to be doing something more sophisticated, that would take care of a good deal of that problem. I mean, I see these small women trying to yard—I mean, people are carrying ridiculous amounts of stuff, 60-pound bags.

Mr. LUNGREN. I am sure the gentleman meant to say, you see small women and small men doing it.

Mr. DEFAZIO. Yes.

Mr. LUNGREN. Yes.

Mr. DEFAZIO. I am a small man, so I did not go there because I am small.

[Laughter.]

Mr. LUNGREN. Thank you very much. The gentleman's time has expired. And I will sometime be able to figure out how to use this thing.

I will take my 5 minutes on the second round now.

Mr. Hawley, I think you understand there is sort of a bipartisan feeling that we need to move toward application of technology sooner rather than later. So I guess following up on Mr. DeFazio's questions, I would ask you, is there new authority you need or we need to come up with, by way of legislation, to allow what some might call creative financing for the capital investment necessary to get more of these inline systems?

I understand that not every airport may be physically fit for that, but a vast number of them are, particularly the larger ones. And if we all agree that that would be the better way to go, both in terms of savings and in terms of enhanced security, can you tell us, do you need enhanced authority? Do we need to do something legislatively so that we can create the financing environment?

Mr. HAWLEY. Well, that could be a solution, and we will have a group meeting with industry—airline, airports, TSA and some financial people—to look at that, to come up with different models that may in fact make a lot of sense and may in fact need some legislative—

Mr. LUNGREN. Well, I do not know what the answer is entirely, but I will say that I will commit myself and I think working with Mr. DeFazio and other members on both sides of this aisle that if you can come up with something that makes sense in a very short period of time, we will work very hard to try and get that done, because the more I look at it, the more it appears to me, and I think others on both sides of the aisle, that just adding more bodies is not the way to do it. It is more effective to have technology uti-

lized that also is put into place with the knowledge. And in the context of good intelligence that is applied as well.

Having said that, let me be one that applauds you from the agility of your operation for having the courage to try and make some decisions that are tough decisions. I mean, no one wants the idea that someone could die with a knife. I do not like the idea that anybody would be hurt, injured, harmed, killed in any way, but the question is, if we have risk assessment, what is the greatest risk and how do we try and prevent it?

I am reminded years ago, a friend of mine who was an attorney was asked to go see Charles Manson sitting in a California prison, and he was asked and requested to go despite his better judgment. The correctional officer brought him into the interrogation room, locked the door and left. And he told me the first thing Charles Manson did when he sat down was pick up a pencil and stand up and say, "I could kill you right now by shoving this right in your eye, but I do not want to." Now, that is a heck of an introduction.

But my point is, you can kill with this. I can kill with these hands. You can do a carotid artery chokehold, which is no longer allowed in my police departments right now, and—no, but my point is, we could go to the level of absurdity if we said we wanted to ensure that no one could ever attack another individual.

And so I know that is a tough decision you had to make. And in our March 2 classified briefing, I hope that you can go into some detail.

But maybe just on the record for people that cannot see that classified briefing you could give us an idea, did you consult with outside people or was it all within the department?

I mean, without getting into the classified information, can you give us a sense of what you went through and the kinds of considerations that were made in coming to this conclusion?

Mr. HAWLEY. Yes, sir. Very quickly, Secretary Chertoff had a second-stage review and set a strategy of risk-based decision-making. We then applied that to TSA and through a long process, which did in fact involve a lot of outside experts, we identified that plastic explosives at the passenger checkpoint was a very significant vulnerability. And then, at that point, I asked our Internal Affairs people to do extensive covert testing to find out exactly what was the case in reality as well as what we could do about it.

It was on the basis of that report that we then moved so quickly for the training, and we did, as a hurry-up, urgent matter, get the training out there and a few other measures, including canines at the checkpoint that we do in fact use.

We said that going forward we have to continue this training if we are really serious about closing down this vulnerability. That became the risk-based decision-making when somebody had to make the call to say, "What is more important from a risk basis," and that person was me, and that is the call that we made.

Mr. LUNGREN. And as we have said, we will follow up on this with our classified briefing on March 2.

I understand the gentleman from Oregon cannot wait to get frisked by the TSA employees on his way to—

Mr. DEFAZIO. I am about to go enjoy the system, Mr. Hawley.

I think this is sort of an observation, and I would like you to come back to us with this. San Francisco had the first inline EDS system in the country in addition to having had privatized employees paid at a living wage beforehand. That explains a lot of differences there.

But have you examined the fact that whether or not those injuries are coming from a lot of the movement of the baggage and you have much lower worker comp claims, in part, at San Francisco because they do not have to do that; you have got inline EDS?

Mr. HAWLEY. We have looked at that, and we have taken apart what injuries happened, where, et cetera.

Mr. DEFAZIO. Okay. And then the second thing just would be, as you know, we are considering H.R. 4439, the TSA Administration Reorganization Act. Do you have any thoughts on the bill, how it might impact the organizational changes you have made or are anticipating?

Mr. HAWLEY. On performance management, those things are right in line. I think those are entirely constructive, in fact necessary, components of successfully managing TSA. So we look forward to working with the committee going forward on the bill.

Mr. DEFAZIO. Thank you.

Thank you, Mr. Chairman.

Mr. LUNGREN. Thank you.

The gentleman from New Mexico is recognized for 5 minutes.

Mr. PEARCE. If I could just set the record clear. Mr. Markey's comments would indicate only that people on the upper dais have to take their shoes off, and all of us people on the lower dais also take our shoes off when we go through. So let's get that straight.

Mr. HAWLEY. Those of us at the witness table as well.

[Laughter.]

Mr. PEARCE. Okay. So it is just becoming more universal every day.

I have got a lot of questions here. If you do not know the answers, fine, but I would like to get the answers.

So, first of all, how many people are at entry-level, $28,000? I mean, how many people are at 28,000 bucks?

Mr. HAWLEY. Oh. I would have to go break that down.

Mr. PEARCE. My point is that I when I divide $2 billion by $43,000, I get $46,00 average across the board, and so somebody is quite high averaging the people up.

And then I would also like to know what constitutes a breakdown on the $23,000 per employee for benefits. Because when I take one-third of $3 billion, I get $23,000 per employee for benefit, and I would like to know the number of bonuses paid to management, the amount of bonuses paid to management during the last 12-month period.

How about the average dollars of workers' comp claim?

Mr. HAWLEY. I do not know.

Mr. PEARCE. How about the total dollars of workers' comp claim?

Mr. HAWLEY. Fifty-seven million dollars is what we have in the budget.

Mr. PEARCE. Fifty-seven million dollars, and did you spend that last year?

Mr. HAWLEY. Yes, $36 million for 2004. These lag.

Mr. PEARCE. Thirty-six million dollars. And so do you know approximately how many claims that you had? I mean, from a management point of view, for you not to have these firmly in mind because the dollars per claim is a very significant number. And that may be the most important number I would like to see from the dais is the number of claims, and I will do my own math or you can divide it out and figure out. But I would like to know the highest amount you paid and the average amount.

Mr. Mica, in public, recently made the assertion that $5.8 billion of technology screening devices—and $5.8 billion may not be the right number—but he made the assertion that a significant purchase of screening devices may be absolutely wasted money. Are you aware of any problems with any equipment that you are having?

Mr. HAWLEY. Well, not to the extent that it would be wasted equipment. They require maintenance. Some have better performance than others, but I would not characterize it as wasted.

Mr. PEARCE. How deep a difficulty is there?

Mr. HAWLEY. I think the bigger issue is the fact that our EDS machines are coming up to end of their life, and at that point there is going to be another wave that we need to do something about.

Mr. PEARCE. In the chairman's comments, how big a problem do we have, you said it is not probably a complete waste, but how much of a percent would be probably wasted or very ineffectively spent on previous equipment?

And where I am going with that is the whole operation of the department and the effectiveness, the ability to see new technology and evaluate it and get good purchasing.

Mr. HAWLEY. Yes. We have a pipeline of technology that goes through review at the tech lab, and I think there is the lag that I spoke of earlier.

Mr. PEARCE. No. I am asking the other question about how much percent of that money that you said is not totally wasted when you said it be a mischaracterization. About how much of the money would you guess was wasted? Do you think it was 100 percent effective program for technology that Mr. Mica is complaining about?

Mr. HAWLEY. I am really not familiar with what Mr. Mica said.

Mr. PEARCE. Okay. What about the agile workforce you talk about? How much capability do you have to respond to areas where the—at what point do you begin to move people in?

Mr. HAWLEY. Yes. Well, Katrina is an example, probably a very major example, where we moved about 700 people—

Mr. PEARCE. Let's go day to day. That is too exceptional. Let's go to the day-to-day when you reach full load and people are waiting for an hour and half here at Reagan Airport. When do you start moving your agile work force around to shorten that?

Mr. HAWLEY. We move them every shift. If you go to just tracking DCA, for example, on any given day, you will see people moving from pier to pier, checkpoint to checkpoint, to match particular—

Mr. PEARCE. But you do not have the capability to move people from another airport if we have continual delays at Reagan, all terminals.

Mr. HAWLEY. Yes, sir. We do have that ability.

Mr. PEARCE. What is the trigger point when you start moving people from one airport to another?

Mr. HAWLEY. If it is a systemic issue, if we think that we are misstaffed, for instance—

Mr. PEARCE. So you do not have that quantified as subjective if it is systemic. In other words, from a management perspective, I think it would be nice to say if the delays are over 3 hours for over 3 days, or something, but if you say it is just if it is systemic, that is less of—

Mr. HAWLEY. Well, we review it daily, and if, for instance, an airport is having abnormal wait times, then we get to the bottom of it. For instance, with Independence Air ceasing operations at Dulles, we look at that and say, "Okay, what does that mean to the staffing," and we review all that.

We look at our peak wait times as the main number, and those, as you probably know, are way down in the 12-minute maximum on average. So I think that our overall performance on wait times is very good.

Mr. PEARCE. Thank you, Mr. Chairman.

Mr. LUNGREN. Thank you.

Gentleman from Massachusetts for 5 minutes.

Mr. MARKEY. Mr. Chairman, I want to clarify for the record the current policy of President Bush on cargo security. Almost none of the cargo on passenger planes is ever inspected before it is loaded onboard.

The screening that Mr. Hawley referred to is paperwork checks or dog team sniffing—not the type of scrutiny that every passenger and every passenger's bag receives to be placed upon that very same plane.

This cargo is placed underneath the feet of those passengers on that plane. It is not given what we consider to be screening, that Member of Congress, when we are taking off our shoes it gives a great deal of assurance to the other hundreds of people looking at us. They think they are secure. Little do they know that an al-Qa'ida operative could have put cargo on that very same plane. It did not go under the same screening.

The random physical inspections of cargo that Mr. Hawley mentioned is full of more holes than Swiss cheese. There are so many exemptions to this random screening as to render it virtually meaningless.

But you do not have to take my word for it. In October of 2005, GAO issued a report entitled, "Federal Action Needed to Strengthen Domestic Air Cargo Security." I think that the title of that study tells you everything you need to know about the problem with cargo on planes. And I ask unanimous consent to insert the GAO report in the record at this time.

Mr. LUNGREN. Without objection, so ordered. Do you want the picture too?

Mr. MARKEY. It would, I think, make it like the—the Wall Street Journal eventually moved to cartoons and the New York Times to color, and so our reports could have a little bit of—now, let me ask you one final question, if I may, Mr. Hawley, and that is on transportation of hazardous materials.

I have introduced a bill to improve the security of shipments of dangerous chemicals such as chlorine, which travel through our cities and towns every day and represent tempting targets for terrorists. I am concerned, particularly since we saw in South Carolina just a couple years ago, a deadly HazMat accident can create a mess in a city.

My question is, why won't the Bush administration support a requirement that requires HazMat shipments to be rerouted when possible around high-threat areas in the United States? Why does President Bush oppose that?

Mr. HAWLEY. For the record, first, there are some factual things I need to clarify. In fact the screening that occurs that we talked about on the random basis does in fact use ETD trace machines, which are identical to the ones that are used for the passenger at the checkpoint.

Also, on the counter-to-counter cargo that I mentioned, those go through the same technology, including EDS technology, that is used for passenger bags. So for the freight that we deem to be high threat on a passenger aircraft, we do use advanced technology on that in addition to the other layers.

On the issue of the chlorine in HazMat—

Mr. MARKEY. Well, again, and I hate to interrupt you there right now, but I maintain that you have no idea what the high threat is. In other words, there were two flights that were going to LA from Boston on that day that Mohammad Atta hijacked those two planes. Today, those two planes every day are still flying to L.A., and there is cargo being placed on those planes. And it might be some shipment coming down from New Hampshire, from Maine, from wherever, 100 miles out, like 5 a.m. in the morning getting at the airport.

You have no idea who is actually working at those facilities. You have no idea who packed those boxes. You have no idea whatsoever. If you are determining that they are not high-security risks just because you trust that company, then I do not believe that you should be using the word, "high risk," when you are just single out a small percentage.

Because from my perspective, they are all high risk because you have no idea where most of this cargo is coming from. You do not know who is packing a huge skid of lobsters, packing it tight and slipping a bomb into it and sending it down to a plane to be sent across our country. You do not know who is working there. Could be 100 people whose names you do not even know. And it could have been someone just hired yesterday just for that very purpose. And they know it goes on. The same plane every day with no scrutiny.

And I just think that by saying that you pick out what you think is the high risk for cargo misses the point that almost all of it is high risk because of the porous nature of this paperwork check that TSA uses hundreds of miles away from an airport in order to determine whether or not there is a risk.

And if you may, just answer the question on the HazMat shipments and why President Bush continues to oppose rerouting it away from the most dangerous—

Mr. LUNGREN. The gentleman's time has expired, but you may answer the question.

Mr. HAWLEY. The short answer is that in high-threat environments, they are voluntarily rerouted. They work with the railroads, and we have had no problem at all in that. We also work against the whole spectrum of HazMat to identify the most hazardous and how we deal with those, how we know where they are, and know where they are particularly in patterns. We have done very sophisticated analysis on all of this. It is a high priority. Also, also we look at motor carrier in addition to the rail for HazMat.

Mr. MARKEY. I do not think you get enough money to do your job. I know it is not your fault. Tax cuts are more important and so is the war in Iraq. I just think they continue to nickel and dime your area, Mr. Hawley. It is not your fault, but you are told to cover a king-sized bed and you are given a regular-sized bed sheet. No matter which way you pull it, you are going to have leave areas of vulnerability that al-Qa'ida can exploit.

Mr. LUNGREN. Gentleman's time has again expired, and the gentlelady from Texas is recognized for 5 minutes.

Ms. JACKSON-LEE. Thank you very much, Mr. Chairman. Let me offer my apologies. We had the Management Subcommittee that was going on at the very same time as this committee.

And I do appreciate that we had the kind of overlap that did not allow me to be here, Mr. Hawley, at the beginning of your testimony. But I am going to use the time with your indulgence to speak to a number of issues.

But I specifically want to start out by just noting, and I come from Texas, so I speak nationally to the extent that it seems that only 37.2 million in TSA's budget is for non-aviation transportation security. That seems to be more than imbalanced and particularly with the incidents in Baltimore, particularly the incidents in New York that had to with—at least the New York incident with the transportation concerns.

I also want to raise the question of the—and forgive me for—I have got other issues in my head having just deal with the Border Security initiative—but the new expedited travel process that was a pilot program. We tried to get it extended but I understand now that we may be using it—it may be in place, and I would like you to just detail that for me and recount for me the budget that is going to move that quickly and whether there is enough in the 2007 budget for that.

And then I want to include—I am just looking at something here in Houston on surface transportation but I will get to that as well.

But let me just try to find out what kind of resources, if any, TSA has had to utilize in the backdrop of Katrina. Has there been any sort of expenditures that one had to utilize? I know that airports were shut down, TSA employees removed. I am not sure if TSA employees had to be transferred in. TSA employees lost their own homes and therefore were impacted negatively and whether there is any expenditures as it relates to that. And whether or not there is any cleanup or security issues that relates to Hurricane Katrina.

I also want to—I know you are taking some mental notes, but I am going to just launch into something at this point, and I thank

the chairman for his indulgence. For those of us who are living in the region and frequently experience hurricanes, it is difficult for any of us sometimes to identify with the climatic elements of a region. May be difficult for some to understand mudslides or earthquakes because they are not on the west coast, some to understand, if you will, tornadoes because they are not on the plains of Oklahoma.

But I do think that homeland security is just that, it is securing of the homeland. And I have committed myself to making this statement at every hearing relevant to homeland security.

One, this is not a comment on the chairman of this committee or the chairman of the full committee, it is a comment on, I believe, the duty of the Homeland Security Committee to engage in extensive oversight.

So we are now doing this in the framework of a budget, but I believe that we should be, if necessary, meeting once a week because maybe if we had been meeting once a week, we would not have had the pronouncement that Secretary Chertoff was both ineffective and late in his actions on Hurricane Katrina, that there was no designated leader to be able to convene and coordinate to save possibly some lives out of the 1,300 or maybe 1,300 lives.

So, in essence, you are part of the Homeland Security Department, Mr. Hawley; you are TSA. We know we merged thousands of thousands of personnel together to get many, many departments. But you might speak to this whole question of oversight because, frankly, I have given Secretary Chertoff today a failing grade and truly believe that he should be fired, if not censored or reprimanded.

And I was very disappointed at his lack of passion, concern, blame this person and that person for his failures.

I am going to yield to you right now. You might just quickly answer and also give me your perspective on oversight and as well why don't you recount for me the last meeting that you had with Secretary Chertoff and whether or not you all are engaged in regular meetings, and is there oversight within the department?

Mr. HAWLEY. Yes. Yesterday I participated in a meeting with the heads of the component agencies within DHS and the Deputy Secretary where we went through an extensive management review. The previous week I met with the Secretary in that same context where the Secretary was driving his incident management initiatives. Before you came I mentioned that one of the things he has brought to the Department is a no excuses priority of having the component agencies work well together at the top and all the way through. So he has enforced that with weekly meetings.

Ms. JACKSON-LEE. But you do not know why that did not work during Hurricane Katrina.

Mr. HAWLEY. Well, we did have phone conversations among ourselves and obviously with our operation centers, but as far as TSA and Katrina are concerned, we had, as you may know, about 300 or 400 folks who were completely wiped out in terms of their homes. We immediately offered them employment at any airport in the United States they could get to. So that was a successful thing. And for those flying out of DCA today, you will see one of our folks from New Orleans.

We had over 700 people fly in to assist and effectuate the largest civilian airlift in United States history prior to Katrina, to get that airport moving out without damage or violence. And I am very proud of the work that the men and women of TSA, both Federal Air Marshals and Transportation Security Officers, did.

And I have outside of my personal office a poster that was given to me by someone who worked in Beaumont during Hurricane Rita. I know we talked during that time about the concerns there, and it was given to me in recognition of the men and women who came on zero notice to get on an airplane to evacuate those people from Beaumont.

So it is foremost in our minds, both personally as well as professionally, and we have a plan now for any of the communities that have hurricane vulnerability to put in place their incident management of how we would flow the resources amongst them.

We have a plan where if on any give day within 4 hours, our standard is to be able to move 500 Federal Air Marshals anywhere and 500 Transportation Security Officers anywhere. That is a result from some of the intensity that we felt after Hurricane Katrina. We think it is, as you mentioned, an all-hazard type of capability. We talked before you came about our flexibility, and that is an example of that.

And I think the number one thing Secretary Chertoff has brought is clarity of strategy to this Department, where we call can in fact line up together and operate in the same direction, and I think that is a profoundly important thing to happen for a department, as you mentioned. It was thrown together with all those folks.

I get tremendous benefit from working when I need to with U.S. Customs and Border Control (CBP) or Secret Service or Immigration and Customs Enforcement (ICE) to combine our activities.

Ms. JACKSON-LEE. Well, I will just say this: I am an open book, but harshly, I saw none of that coordination and effectiveness and talent, frankly, during Hurricane Katrina. And as a Congressional committee has just rendered a report, the title, "Failure of Initiatives," it is so glaring. And I frankly think that there has been less than credible sensitivity or concern expressed by the leadership of the Department short of appearing before committees and being complimented for taking it on the chin and doing such a great job.

Again, Secretary Chertoff was before our full committee, but because he had to go to lunch, many members were not able to fully complete their questions. So might I just say this to you as I put these on the record and thank the chairman for his indulgence. I am not going to criticize a coin because I believe in complementing employees, and I understand you purchased these to share with these outstanding workers the work that they have done.

But in the course of Hurricane Katrina, $431 million was spent on deadbeat mobile homes that are sunken in mud, and no-bid contracts were given out without any bidding process. Any opportunity for Katrina survivors to work and/or to obtain those contracts and the wastefulness of that will be renowned, I am sure, in our history books.

I do not see any streamlining, effectiveness, leadership. And, clearly, if those processes were in place, the secretary would have

been down in the region. And I might I say this: It is not my intent to speak ill in the absence of any leadership of our government. Sometimes we are not in the same room. I would welcome to have the secretary in the room for a period of time.

And the only reason I utilize my comments here because Michael Brown was an excellent scapegoat, but Michael Brown answered phone calls, whether or not he was adequate in his answers, but the secretary of this department did not return the phone calls of members who were in the Gulf region.

It seems to me that that leadership or the opportunity to receive information from those of us who halfway understood hurricanes would have been the prudent thing to do; he did not.

And so I conclude—I am going to have questions in the record, but I do want you to answer the question of the limited amount of money that is for surface transportation, non-aviation transportation security. Seems that we are misdirected in that. And also what structures are being put in place? TSA has developed a bad rap, and I am not going to criticize this but birthday parties or whatever kind of holiday parties and celebratory parties that spent up a lot of money is not a good image to really put in place.

And, also, I like the air marshals. There are some bad apples in every group, but I want to be sure that you are training, vetting and being responsive to the quality of air marshals that we have. That is a question I will put on the record because I am not sure if the chairman is gaveling me down, but if you have a way of answering it, I will take it.

But the other point is that, just as I conclude, air marshals inform me since we travel back and forth, and that is why I end on this note, that the leadership in the department was enormously ineffective. That is that they were there and offered their service in Hurricane Katrina, and nobody could tell them what to do and when they wanted to do work in areas that was not their job description, they were told that they were not allowed to do that nor were they going to pay overtime. And so you just sit down and do not bother to help.

This is the face of America, the enormous failure starting at the top, because homeland security is manmade terror and it is the responsible person or entity for natural disasters. And you absolutely failed. And these are just small nuances. I am sure if I started looking deeper, I would find a whole potpourri of failures.

Mr. LUNGREN. I would just say that I did not gavel the gentlelady down. I extended the time of three time periods because we gave three rounds to everybody here.

Ms. JACKSON-LEE. And I thank the chairman.

Mr. LUNGREN. If Mr. Hawley would like to respond.

Mr. HAWLEY. I would. You mentioned that commemorative coin.

Ms. JACKSON-LEE. I did not criticize you on that.

Mr. HAWLEY. I appreciate that, but I want you to know that we had the federal air marshals go down there. We had 6,000 people who were completely desperate, wearing nothing, in some cases, other than undergarments, and you know what that was like. There were 6,000 people in that airport without much law enforcement at all.

We had our guys go in there, and they volunteered, and we had over 500 of them there, and they were literally carrying people in all states of dirtiness through the checkpoints, out the concourse, down the ladder, across the tarmac, up the ladder to the airplane, and into the seats. And they did it for 24,000 people.

Ms. JACKSON-LEE. And I have no criticism. I guess what you are doing is telling a story. You have my accolades. I have no criticism of that. I want you to know that air marshals wanted to do more and they were restrained by management that they could not—there was overtime or they could not a number of things. So that is another hearing maybe, but I am telling you, this is not a criticism, this is a compliment wishing there was some management that could have given them even additional opportunity to be helpful.

Mr. HAWLEY. I was just going to say that with our Transportation Security Officers, I met with them, I was down there with them. I did not see anybody at any time say anything other than, "Thank you for the opportunity to serve these people."

Mr. LUNGREN. I thank the gentleman for his comments.

Ms. JACKSON-LEE. And I will put questions in the record, Mr. Chairman.

Mr. LUNGREN. Yes.

Ms. JACKSON-LEE. And thank you.

Mr. LUNGREN. And I thank the witness. I believe all the members who attended had a chance to have three rounds or the equivalent of three rounds for you to answer their questions. I appreciate that.

The members of the committee may have, as you have heard, some additional questions that they will submit in writing, and we have asked you to respond to these.

The record will be held open for 10 days, and without objection, the subcommittee stands adjourned.

[Whereupon, at 3:25 p.m., the subcommittee was adjourned.]