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U.S. DEPARTMENT OF HOMELAND SECURITY: SECOND STAGE REVIEW

HEARING

BEFORE THE

COMMITTEE ON HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS UNITED STATES SENATE

ONE HUNDRED NINTH CONGRESS

FIRST SESSION

JULY 14, 2005

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CONTENTS

Opening statements:	Page
Senator Collins	1
Senator Lieberman	3
Senator Voinovich	4
Senator Akaka	5
Senator Lautenberg	5
Senator Domenici	6
Senator Pryor	8
Senator Coburn	20
Senator Coleman	23
Senator Dayton	29
Senator Carper	32

WITNESS

THURSDAY, JULY 14, 2005

Hon. Michael Chertoff, Secretary, U.S. Department of Homeland Security:	
Testimony	8
Prepared statement	39
Questions and responses for the Record	55

APPENDIX

Memorandum from Shawn Reese, Analyst in American National Government, Government and Finance Division, Congressional Research Service, sent to Honorable Susan Collins, dated July 12, 2005	72
Letter dated July 14, 2005, sent to Honorable Frank Lautenberg from Daniel P. Mulhollan, Director, Congressional Research Service	75
Memorandum from Shawn Reese, Analyst in American National Government, Government and Finance Division, Congressional Research Service, sent to Honorable Frank Lautenberg, dated July 8, 2005	76

U.S. DEPARTMENT OF HOMELAND SECURITY: SECOND STAGE REVIEW

THURSDAY, JULY 14, 2005

U.S. SENATE,
COMMITTEE ON HOMELAND SECURITY
AND GOVERNMENTAL AFFAIRS,
Washington, DC.

The Committee met, pursuant to notice, at 1:33 p.m., in room SD–562, Dirksen Senate Office Building, Hon. Susan M. Collins, Chairman of the Committee, presiding.

Present: Senators Collins, Lieberman, Voinovich, Coleman, Coburn, Domenici, Warner, Levin, Akaka, Carper, Dayton, Lautenberg, and Pryor.

OPENING STATEMENT OF CHAIRMAN COLLINS

Chairman COLLINS. The Committee will come to order.

Good afternoon. This afternoon the Committee will examine the results and recommendations of the Second Stage Review of the Department of Homeland Security conducted by Secretary Chertoff. I applaud the Secretary and his team for a thorough analysis of the Department's organization, strengths, and weaknesses.

We meet in the aftermath of a grim reminder of why this review is so significant. The terrorist attacks last week in London remind us that the enemy we face has an unlimited capacity for cruelty. They remind us that terrorists can be blocked again and again, yet they need carry out only one successful plot to cause death and destruction. And the attacks remind us that we must strive for success every single time.

I know we all extend our deepest condolences to the people of Great Britain. I also know that these attacks only strengthen their resolve and our commitment to stand with them against those who would destroy our way of life.

The Department of Homeland Security was created to help us respond to the enormous challenges we face. Our Nation was attacked by a new enemy in a new way, and we responded with a massive and innovative effort to better protect our Nation against the threats of the 21st Century.

This Committee, which crafted the legislation creating the Department of Homeland Security and which has confirmed two generations of its top officials, works closely with the Department to continually improve our Nation's homeland security posture. We have always viewed our role not as critics of the Department but as partners in a common cause. Whether the issue is the security of our cargo ports or our chemical facilities, equipping and training

of our first responders, or improving counterterrorism intelligence and information sharing, we have worked with the Department not just to identify problems, but also to forge solutions.

This Second Stage Review comes, appropriately enough, as the second generation of Department leaders takes over from the commendable start of its predecessors. As Secretary Chertoff said in previous testimony shortly after he announced this review, the Department "was created to do more than simply erect a large tent under which a lot of different organizations would be collected."

The Secretary's announcement yesterday outlined a strong direction for the Department, one of better integration, risk-based planning, and dynamism. The proposals put forth in his review do not construct additional partitions within that big tent but, rather, seek to remove those that are counterproductive to the comprehensive approach that homeland security requires. It is about accomplishing goals and objectives, not about preserving the status quo.

Within this overall theme, of course, there are a great many specifics that we will discuss today and over the coming months, particularly where implementing legislation is required. We will also address several organizational proposals, such as the merger of Infrastructure Protection, Domestic Preparedness, and other entities into a new Directorate of Preparedness, and the establishment of a much needed Policy and Planning Office to develop coherent strategies and comprehensive policy guidance at the very highest levels of the Department.

The Secretary has also proposed the creation of a Chief Intelligence Officer responsible for both internal and external coordination. I am particularly interested in this proposal, as just 3 months ago Senator Lieberman and I urged the Secretary to assess the Information Analysis and Infrastructure Protection Directorate and its relationship with the intelligence community, State, local, and tribal governments, and the private sector.

As with so many aspects of homeland security, the collection, analysis, and dissemination of critical intelligence require not just a Federal strategy but a national strategy that recognizes the contributions of intelligence not only across the Federal Government but from our State and local partners as well. I believe that strengthening the Department's intelligence efforts and giving its chief a direct line of communication with the Secretary would help begin to resuscitate what appears to be a rather moribund and underutilized part of the Department.

I hope that the efforts of the Second Stage Review lead to further functional integration. As Deputy Secretary Michael Jackson and I discussed during his nomination process, the Department-wide management functions, particularly in procurement, information systems, and finance, must be integrated with and support the Department's missions. And I know that the Secretary's reorganization plan recognizes and addresses those critical management issues.

Secretary Chertoff's predecessor, Tom Ridge, often described the creation of the Department of Homeland Security as the greatest IPO in history, a merger of unprecedented size and complexity. The organizational challenges are extensive, and DHS will need to continue to evolve. I commend the Secretary for his leadership on this

crucial matter. I look forward to hearing from him today in more detail about his findings and his specific plans and recommendations.

Senator Lieberman.

OPENING STATEMENT OF SENATOR LIEBERMAN

Senator LIEBERMAN. Thanks, Madam Chairman. Secretary Chertoff, welcome back to the Committee. Thank you for appearing today to discuss the top-to-bottom departmental review you commissioned when you were confirmed as Secretary 5 months ago.

The Department has made our country safer than it was before, but I think we all would agree that it is not yet as safe as we need it to be, and the Department was ready, it seems to me, for a second chapter step back to look at where we have been and see how we can carry out our responsibilities better.

It appears to me that you have done a thorough, honest, constructive job here that will help you, as the head of the Department with primary responsibility for the protection of the American people at home, to not only fulfill your responsibility but to fully take advantage of the opportunity you have to guide the Department into the critical second stage of its post-September 11 development.

I want you to know that I was encouraged by several parts of your recommendations as I took a first look at them, and I know we will discuss them in more detail today. First was the emphasis on strategic policy planning. Highlighted in oversight hearings of the Department that the Committee held earlier in the year, the establishment of an Under Secretary for Policy is very important and hopefully will lead to a clear setting of priorities, which has not been as much the case as we would have wanted up until now.

Intelligence is a critical function of the Department. We focused on that in the legislation creating the Department, and I would say although a number of significant improvements have been made across the intelligence community, particularly when we passed the Intelligence Reform and Terrorism Prevention Act last year, I do not think that the Department's Office of Information Analysis has to date received the support that it needs. Therefore, I take the separation out of that office and the creation of a Chief Intelligence Officer as a step in the right direction. I certainly hope it is, and I look forward to discussing with you your ideas for supporting the intelligence activities of the Department and improving the coordination among the various intelligence agencies within DHS and the intelligence support that is received.

Also, the proposal for a Chief Medical Officer makes a lot of sense to me. It is something that I have been interested in myself. In legislation I proposed earlier this year, BioShield II, we called for the creation of an Assistant Secretary for Medical Readiness and Response, and it seems to me—I hope—that the Chief Medical Officer that you are talking about creating will fulfill that role. And this is to coordinate and galvanize preparedness for one of the nightmares of the age of terrorism, and that is a biological terrorist attack.

I do have questions about some of the other reorganization proposals. I want to hear more about the rationale for separating FEMA from the Department's preparedness programs and for

eliminating the Directorate of Border and Transportation Security. And I must say just generally, as I heard your remarks yesterday, I was concerned about the extent to which you feel limited by the limitation of financial resources, and I will bring to you the experience that I have had as a member of the Senate Armed Services Committee. We always say to the people at the Pentagon, "Don't let your decisions be budget-driven. We are talking about the security of the United States of America." And I would say the same to you as you go forward.

In that regard, as you may know, there has been a lot of controversy today about some statements you made yesterday, and I want to ask you in your opening statement if you could respond to them. And this is on questions that you were asked yesterday about mass transit protection, and you were quoted in an *Associated Press* story this morning as saying that—basically you are contrasting aviation security with mass transit, and you say, "By contrast, mass transit systems are largely owned and operated by State and local authorities." And then you seem to be saying that the Federal Government must focus on attacks that could produce the most casualties. The quote is, "The truth of the matter is a fully loaded airplane with jet fuel, a commercial airliner, has the capacity to kill 3,000 people. A bomb in a subway car may kill 30 people. When you start to think about your priorities, you are going to think about making sure you don't have a catastrophic thing first." I am reading from the *AP* story this morning. "Asked if this meant communities should be ready to provide the bulk of the protection for local transit systems, Chertoff said, 'Yep.'"

This has alarmed a lot of us who have mass transit going through our States. A lot of people who ride mass transit are already worried about security because they are not closed systems. And, inevitably, I think this has to be, at least in part, a national responsibility.

So I use that as an example to just say that in all the structural changes you are making, which generally to me seem to be heading in the right direction, we also need you to not let your decisions, which are life-and-death decisions, be budget-driven.

I thank the Chair.

Chairman COLLINS. Thank you, Senator.

We are expecting to begin roll call votes, a series of them, shortly after 3 o'clock. So I would ask my colleagues to keep their opening remarks extremely short, and if you could even bring yourself to submit them for the record, that would be even better.

Senator Voinovich.

OPENING STATEMENT OF SENATOR VOINOVICH

Senator VOINOVICH. Thank you, Madam Chairman. I applaud your leadership and the expediency for calling this hearing one day after Secretary Chertoff released the Department of Homeland Security Second Stage Management Review. I am anxious to hear what he has to say today.

I ask that the rest of my statement be inserted in the record so we can move on to hear the Secretary.

Chairman COLLINS. Thank you so much.

[The prepared statement of Senator Voinovich follows:]

OPENING STATEMENT OF SENATOR VOINOVICH

Thank you, Madam Chairman. I applaud your leadership and expediency for calling this hearing one day after Secretary Chertoff released the Department of Homeland Security's second stage management review.

Secretary Chertoff, you have one of the most challenging jobs in the Federal Government. Therefore, I would like to thank you again for your service to our Nation and for your willingness to relinquish a lifetime appointment to the third circuit court of appeals in order to serve as Secretary of the Department.

Mr. Secretary, you face great challenges. In addition to securing our homeland from terrorists, the Department is forging a unified corporate identity for 180,000 employees from 22 disparate Federal agencies. This monumental effort is to important that the Government Accountability Office included implementing and transforming the Department of Homeland Security on their high-risk list of programs especially susceptible to mismanagement.

As Chairman of the Oversight of Government Management Subcommittee, I am interested in ensuring that the Department continues to improve its operations. In fact, Mr. Secretary, just this morning, I held a hearing on the security of the National Capital Region, an area I encourage you to closely examine. In addition, I have been monitoring the Department's implementation of the human resource management system known as MaxHR.

Given the Department's significant management challenges, I believe that we should be conducting more oversight and directing more resources to management issues. This includes better coordination between DHS's authorizing and appropriating committees in Congress, which in turn will lead to better oversight of the Department.

In closing, I commend Secretary Chertoff for initiating this comprehensive review of the Department's operations. I look forward to his testimony and stand ready to help him implement his recommendations.

Thank you, Madam Chairman.

Chairman COLLINS. Senator Akaka.

OPENING STATEMENT OF SENATOR AKAKA

Senator AKAKA. Thank you very much, Madam Chairman. I want to add my welcome to the Secretary and say thank you for being here. I will not have an opening statement, but let me say that we have just received the Secretary's proposal on reorganization of the Department of Homeland Security, and I just want to say that at first glance some of the Secretary's recommendations look good. But I would like to take the time to try to understand how they impact our security.

So I look forward to the Secretary's statement and also possibly future hearings by this Committee as we explore how to best proceed. Thank you very much.

Chairman COLLINS. Thank you very much, Senator. Senator Lautenberg.

OPENING STATEMENT OF SENATOR LAUTENBERG

Senator LAUTENBERG. I do have a statement, Madam Chairman, and I will try to make it brief. But this is a rare opportunity for us to meet with the Secretary and to explain to the public how we see things to make certain that we are not rushing past a chance to learn more about what is taking place at Homeland Security. And I particularly want to thank Secretary Chertoff for being here. Yesterday he unveiled proposals to make the Department of Homeland Security more effective, and we respect that greatly.

But while Secretary Chertoff was announcing these steps yesterday, the Senate acted contradictorily to his goal of protecting our homeland from terrorist attack. The Senate voted to reduce the amount of homeland security grant money that will go out based

on highest risk. And in the real world, that means that we are thwarting Secretary Chertoff's desire to protect our country to the best of his ability. And I will only continue to say loudly and clearly that the only basis for allocating homeland security resources as the 9/11 Commission requested is to distribute to the area of highest risk. If we knew of an imminent anthrax attack targeting Detroit, we would not send 40 percent of the limited vaccine to California. So why should we do that with our national security grants?

Nearly 1 year ago, DHS put out an Orange Alert on three jurisdictions: New York City, Washington, DC, and northern New Jersey. People in our area are justifiably worried, but we assured them that the government would be doing all it can to keep their communities safe. One of those targets was a building in Newark, New Jersey. But if this happens again, I am not sure what we can tell them. Tell them that the money is in Kansas someplace? We have to live up to our responsibility.

The Administration has been very clear about what they want. They want to put the money where the risk is. Last summer, the risk was within sight of my New Jersey office. Our intelligence services gathered data showing that terrorists have studied the Prudential office building. That is how you measure risk, analysis and intelligence, not a simple formula.

Secretary Chertoff wrote a letter to all the Senators yesterday in which he says providing enough flexibility to distribute over 90 percent of grant funds on the basis of risk, so that confirms your view. And there seemed to be a question about whether or not figures that CRS developed were accurate or not. And I ask unanimous consent that a letter from Daniel Mulhollan, the Director of CRS, be included in the record.[1]

Chairman COLLINS. Without objection.

Senator LAUTENBERG. Thank you. This is dated July 14. He said, "We have reviewed the calculations that underlay the data presented in the memorandum"—to me[2]—"dated July 8 and have confirmed their accuracy." So we are not making any mistakes about the mathematics included in this.

And I was hoping that the London attacks would finally wake up the Senate to this reality. Unfortunately, I was wrong. And I look forward to hearing the testimony of our distinguished Secretary.

Thank you.

Chairman COLLINS. Senator Domenici.

OPENING STATEMENT OF SENATOR DOMENICI

Senator DOMENICI. I regret that I cannot just say nothing, but I will be very brief.

Chairman COLLINS. Please proceed.

Senator DOMENICI. First, Mr. Secretary, I hope that you will have confidence in what you are doing in spite of the difficulties of organizing because everybody should know that you have either the privilege or are the victim, whichever, of having to organize a reorganization that is the largest in 50 years. And when you consider how big we are, and you have that big of a reorganization,

[1] The letter referenced by Senator Lautenberg appears in the Appendix on page 75.
[2] The CRS report dated July 8, 2005, appears in the Appendix on page 76.

it is hard to put it together. And I think it will require more than one reorganization effort. So keep the faith.

Second, I was going to ask about the border, but it has become so prevalent these last few days on the floor and in your commitments that you are going to talk about it. You cannot do enough, but the border is organizable, with your Commissioner who is in charge, who is excellent—we spoke to him at length. If his game plan is your game plan, you ought to promote it. It is terrific. It will get us there. It will control the border within the next 4 or 5 years without putting the United States military on the border.

Last, a little tiny thing that I think is a big thing, and that is: Since September 11 the flow of foreign students to our universities has turned from a river to a trickle. There may be some around that say, "Great. What do we need them for?" But, frankly, that is abysmal for America, not only because they should be coming here to get educated, but because the best way to influence countries, including countries like China, is to have 20,000 to 30,000 of their students here going to our great universities and then having them go home. And the trickle has to be reconverted to a river. We have to turn it back into a flow. You have from time to time spoken about your ideas regarding students coming to America. If you do not address it today, I will seek your position. And if we need legislation, I will be glad to pursue it. I think it is very important, subtle but dramatic.

Thank you, Madam Chairman.

[The prepared statement of Senator Domenici follows:]

OPENING STATEMENT OF SENATOR DOMENICI

Madam Chairman, thank you for holding this hearing to discuss the Department of Homeland Security's second stage review. Thank you also, Secretary Chertoff, for discussing your departmental review with us.

Your Department is young, but it is tasked with the difficult job of securing our Nation. Your Department also represents the largest reorganization of governmental departments in more than 50 years, so I understand that there are some areas we can address to improve our security. I look forward to working with you throughout the second stage review process to determine what our homeland security needs are, and how we can best address those needs. There are a few specific areas that I am eager to hear about today.

First, I would like to learn about your thoughts on the coordination of the Department's research initiatives, which I hope will be a focus as you coordinate DHS activities. I believe DHS must collaborate its research and development efforts within the Department and with universities and national labs. For example, in my home State of New Mexico, the Department of Homeland Security works with Sandia and Los Alamos National Laboratories at the National Infrastructure Simulation and Analysis Center to understand the consequences of disruptions to our Nation's infrastructure. The Department must continue to work with worthwhile partners like this.

Second, I look forward to hearing more about your plan to strengthen the border and improve the immigration process. This is an issue of critical importance to my State and other States on the southern and northern borders. I agree with you that we can provide more security by adequately staffing our borders with immigration and border experts and investing in new technologies like Unmanned Aerial Vehicles.

I am also anxious to learn more about your efforts to improve border infrastructure because 1986 was the last time we launched a major effort to upgrade the infrastructure at our land ports of entry. That last effort, which occurred almost 15 years before September 11, 2001, was headed by former Senator DeConcini and myself, and I believe the time for further improvements to our border infrastructure is now.

Similarly, I am eager to hear more about your thoughts on an industry-wide temporary worker program and eased restrictions for immigrants seeking to study in

the United States. Prior to 2001, the United States was a preferred place for foreign students to obtain post-graduate degrees. Students came to the United States to study, but they stayed here to work. Thus, our country was obtaining many of the most brilliant minds not only from within our borders, but from across the world. Unfortunately, that has changed because of the restrictions and limitations put on student visas post-September 11. Now, many of the leaders of the next generation choose to attend school in places like Great Britain, where they have easier access to universities.

Lastly, I am interested in your thoughts on our Federal Law Enforcement Training Centers. I am pleased to see that FLETC will maintain its autonomy and will report directly to Deputy Secretary Jackson under your proposed Department reorganization. Additionally, because New Mexico is home to the Federal Law Enforcement Training Center where our Border Patrol Agents, Federal Air Marshals, Federal Flight Deck Officers, and other Federal agents train, I am eager to hear about your review of the agency.

I know that your review has covered many other areas as well, and I look forward to discussing each of those topics with you as well, Mr. Secretary.

Thank you, Madam Chairman.

Chairman COLLINS. Thank you. Senator Pryor.

OPENING STATEMENT OF SENATOR PRYOR

Senator PRYOR. Thank you, Madam Chairman. I just want to thank you, and the Ranking Member, for your leadership. Secretary Chertoff, good to have you here in the Committee today.

Thank you.

Chairman COLLINS. Thank you very much. Senator Dayton.

Senator DAYTON. Thank you, Madam Chairman. I look forward to hearing from the distinguished Secretary, so I will pass. Thank you.

Chairman COLLINS. Thank you. Welcome, Mr. Secretary. You may proceed with your statement.

TESTIMONY OF HON. MICHAEL CHERTOFF,[1] SECRETARY, U.S. DEPARTMENT OF HOMELAND SECURITY

Secretary CHERTOFF. Thank you, Chairman Collins and Senator Lieberman. I will ask that my full statement be made part of the record.

Chairman COLLINS. Without objection.

Secretary CHERTOFF. I will just try to briefly cover some points and then open myself up to questions.

First of all, I do want to give you my sincere and deep gratitude for the counsel and advice that you, Madam Chairman, and Senator Lieberman and the rest of the Committee have given me in discussions about this Department over the period of time since even before I became the Secretary and up to the present time. We have had an opportunity to talk about a number of the ideas here, and a number of the ideas, frankly, are plagiarized from suggestions and proposals that have been offered by this Committee, and I invoke every means of paying tribute to your good suggestions. But I think maybe the most eloquent is that we have adopted a lot of them in the reorganization as well. So we have paid a lot of close attention to what this Committee is doing.

Let me outline briefly, kind of give an overview of what we have tried to do here, and then I want to respond a little bit to Senator Lieberman's point in his opening statement.

[1] The prepared statement of Secretary Chertoff appears in the Appendix on page 39.

Neither my speech yesterday nor my testimony today is a complete review of everything that we need to do and are doing. We have had some previous testimony here about, for example, chemical site security. I did not feel the need to repeat that again yesterday. We are working very hard on that issue because we do recognize that there is a lot of concern about making sure that chemical sites do not become weapons in place. But some things which I think we had not talked about seemed appropriate to talk about yesterday: Preparedness, making sure that we have focused on preparedness for our greatest risks, and that includes biological, nuclear, chemical, things of that sort; transportation, including mass transportation, making sure we have better systems that move people and goods into the country and around the country, and taking account of the nature of the systems themselves, to be able to bring modern technology into play, and also to make sure we are being interoperable, that when we set up various trusted traveler programs and screening programs, we build them in a way so that they work together, and so that eventually, instead of having four or five separate trusted traveler cards, people can have one, and that can do the duty for all the different kinds of screening that we need to do.

This kind of thinking smart not only promotes security, but it promotes privacy and it promotes efficiency.

Borders and immigration, obviously a huge issue. Senator Domenici, I can tell you that the discussion that the Commissioner had with you reflects the way this Department is approaching the border, which is an integrated approach that is looking to take and coordinate new technology, infrastructure, and people in a way that makes them work together. Also, it does something we sometimes don't do in government, which is take a strategic look at the whole picture. Because the issue of dealing with illegal migration is not just apprehension, but it is also, when we apprehend people, do we detain them? If we detain them, how quickly can we remove them? And all of these pieces work together.

I can tell you, sometimes we make a mistake when we flood a lot of resources to one piece of the system and we do not take account of the fact that it is going to bottleneck another piece of the system. And what we are doing now is we are going to have a program manager who is going to build an entire system and make sure that all the pieces are properly scaled so that we actually increase efficiency.

Likewise, too, I am delighted to point out, Senator Domenici, in terms of the foreign students, as I announced yesterday, Secretary Rice and I are working on an agenda that we hope to announce shortly that will expedite and make it easier and more welcoming for those who want to come to the country to visit and study in a positive way to come here. There is no question part of the struggle against terrorism is the struggle of ideas, and we want to embed our ideas overseas. And that is one of the reasons why we want to be welcoming and not forbidding.

Information sharing is a key element, and the Chief Intelligence Officer that we envision is going to have the ability and the authority to fuse the intelligence that is generated by the over 10 components in our Department that currently have some intelligence

responsibilities, and to do it with a view to having strategic intelligence that fulfills the unique mission that I think Congress envisioned for this Department, which is not merely playing "catch the terrorist," but is talking about how to help our State, local, and private partners protect their infrastructure, prepare themselves for any eventuality, and prevent acts of terrorism on State and local levels.

Finally, I would be remiss and I would have been remiss had I not mentioned organization as a critical part of what we are trying to do. That is why I mentioned it yesterday, and that means not only procurement policy—and we talked about this. I sat down with the Inspector General very soon after I arrived and said, "I want to get your ideas about how to make procurement work with efficiency and integrity," but also having human capital to properly move forward where you have MAX HR. One of the things I am trying to do is not only move that forward and implement it in a way that is reassuring and accessible to the employees of the Department, but also build a culture in the Department where people learn that we are working as a team. And that involves doing things, for example, as encouraging career paths where people can move among different components so that they get a sense that we are part of a larger Department.

To do all these things, I have outlined a series of organizational changes which I won't go into in detail in my opening statement, but which I think will give us the tools to make sure when we look at our missions in terms of our policy, our intelligence, and our operations, we look with a single pair of eyes that operate in synchronicity and that allow us to look across the entire Department and drive the agenda and accomplish the mission without regard to the individual component stovepipes.

Let me just take a moment to respond to Senator Lieberman's observations about mass transit.

I have obviously been closely involved in our response to what happened in London and in dealing with the whole issue of how we are preparing ourselves with respect to transportation, in general. As I think I said during my confirmation hearings, I believe we need to make sure that we are paying as much attention to our non-aviation transportation as we pay to our aviation transportation. But I also have tried to emphasize that these are different systems. They work differently. Their ownership is configured differently. And, therefore, although they each require the same degree of attention, the particular way in which we pay attention may be a little bit different. Aviation is, for example, a closed system. People enter and depart in a relatively fixed number of points. Once you are on the airplane, you are on the airplane. And so our configuration in terms of security is one that is guided and molded by the existing nature of the system. We don't want to break the system.

We all know we could not import that system into the New York subway system. I have ridden the New York subways. I have ridden the Washington subways. To have magnetometers would be to destroy the system itself. So we have to think about how do we make that system work with security and with efficiency?

And in that regard, one of the things I wanted to be careful to emphasize—and perhaps I am not always as careful as I want to be—is that we have to look at the whole range of threats. Obviously, even a bombing that kills 30 people or 40 people is a very serious matter. But a biological incident in a subway or a chemical incident in a subway which could have the capability of killing many, many more people and, in fact, rendering the subway unusable for a substantial period of time would be a matter of significantly worse consequence.

It's part of the nature of my job to make sure that as we go about doing things in terms of our priorities, we take account of the structural differences of the systems we deal with, the differences in consequence. I think that is the essence of risk management. But I do want to emphasize so there is no mistake about it, that as we speak—and frankly, you know, before London we were working very hard focusing on the rail system, and particularly upon those vulnerabilities that people on this Committee have talked about, including concerns about the movement of hazardous chemicals on our rail system, concerns about the possibility, as I say, of chemicals or biological things on the system, and also, obviously, working on new technologies to detect explosives and to allow us to give greater safety to those who use the transportation system.

So that is my kind of overview, and I hope I have clarified any misconceptions, and I look forward to answering questions.

Chairman COLLINS. Thank you, Mr. Secretary.

During the last 3 years, the Department has invested a great deal of resources, time, and attention in improving our Nation's preparedness and ability to respond to a terrorist attack, and that is obviously a very important part of the mission of the Department. Less attention, however, has been given to the intelligence role of the Department. As Senator Lieberman, who is the chief author of the Department's legislation, can attest, Congress intended the Department of Homeland Security to play the role of integrating a lot of the terrorism-related information reporting and analysis. And that really has not happened. The Department's role has been minimal in the intelligence community, and yet its component agencies, like the Coast Guard and the Border Patrol, critically need access to information and intelligence reporting.

I had always thought, when the Terrorist Threat Integration Center was created, that it would be placed within the Department. But as I said, the Department has really never fulfilled its role. Under your new plan, what do you see as the role of the Department within the broader intelligence community at the Federal level and in working with our partners at the State and local level? Relatedly, what role does the new Chief Intelligence Officer play within the Department?

Secretary CHERTOFF. Like you, Chairman Collins, I am passionate about intelligence as the key to doing our job properly. The best way to avoid a problem is to detect it in advance.

We have within the Department over 10 individual components that do intelligence. A lot of it is tactical intelligence. For example, Customs and Border Protection needs to know about new types of phony passports, and that is appropriately done at the level of Customs and Border Protection.

But there is a strategic component to that as well. As people come across the border, as they are intercepted and we question them, sometimes they are turned away. Sometimes we find phony documents. If you stand back and connect all those dots, you sometimes get very interesting pictures that are not necessarily known to those who are within the individual offices or even within the individual component.

We have done some things, for example, on an ad hoc basis where we have pulled Coast Guard intelligence together with Customs and Border Protection and ICE, and we have actually been able to put a team together to assemble a much wider picture of a particular intelligence threat than we could have done in each component on its own. And then we have taken that to the wider community and sat with the FBI and with the DNI and the NCTC, and we have plugged that into what they are doing in a coordinated way.

So we have begun this process even before the organization—by doing it manually in the sense that I will call up the head of the components and bring these people and let's sit down, let's fuse this together. The lesson there is that we need to do it institutionally, not just when the Secretary intervenes personally. And that is what we are really trying to build here. The Chief Intelligence Officer will have the authority and the obligation to pull intelligence from all the components inside and make sure it is fused and integrated from a Department perspective.

The second piece is we need to make sure that we then become better participants in the intelligence community as a whole. By having more to contribute, first of all, we will have, frankly, a more vigorous place at the table. But I have also made it clear and I am going to continue to make it clear that our intelligence officer, our Chief Intelligence Officer has a unique role to play in the community. We are not simply chasing terrorists. We are looking at this information trying to understand how does it affect our border operations, how does it affect our Coast Guard operations, because we do adjust these based on the intelligence. And then how do we work with our State and local partners and our private sector partners in passing this on and helping them make use of it. So that is a big part of what that job is going to be.

Let me conclude by saying that one of the things I announced yesterday was that I had spoken to a number of governors and homeland security advisers in the States about their desire to have fusion centers. We are inviting them all to come meet with me and the top leadership to see how we can network those fusion centers, which are another form of intelligence gathering and distribution mechanisms in order to get them all linked together.

So that is an overly long-winded response to your question.

Chairman COLLINS. Mr. Secretary, I want to turn very quickly to a recommendation that you did not embrace. As you know, we have heard testimony before this Committee from the Rand Corporation and others recommending a merger of CBP and ICE, and I have asked the Department's Inspector General to analyze that and report back to us.

It appears to me that you are going in exactly the opposite direction by moving CBP and ICE out from under a common Direc-

torate, the Border and Transportation Security (BTS) directorate, and having them report to you directly. If anything, you are further separating the entities. We know that a lot of law enforcement officials believe that it would be better instead to bring them together.

Could you give us your thoughts on why you decided to recommend abolishing BTS, separating them further rather than merging them?

Secretary CHERTOFF. I took this question very seriously, and I actually met with the Inspector General to get a sense at least of what he was finding. I also spent time talking to people in the field about it. And, I also have the ability to rely on my own experience doing law enforcement work and as a prosecutor dealing with different agencies.

It was a difficult question. I understand the arguments in favor of it. We begin with the fact that a merger like that would in itself impose substantial costs. So I asked myself, What are the problems we are trying to cure here and is there a way to cure them in a less drastic approach?

I think one problem is a financial problem that had to do with the original merger, and we are, I think, close to getting that cured with additional funding and additional management controls in ICE. I don't think I would recommend merging the two organizations to correct a management problem in one. I think we just ought to correct the management problem.

The second question is, How do you get them to work together operationally? And I think there has been a problem there. Some of it may be cultural, some of it may be a legacy of what was left over from the original merger. I asked myself the question, Is this a case where we have two agencies that are chasing the same type of activity? Usually when you find that, there is a good argument for combining them. But here, actually, although there is some overlap, there is actually a fairly distinct center of gravity to each organization.

FAMS, for example, which we have indicated we are going to move back to TSA, really has nothing to do with these two organizations in terms of their main missions. But much of what ICE does in detention and removal and investigation is functionally different to a large degree from Customs and Border Protection.

So I guess I concluded that merging them would simply—they would still have to have different functions. They would simply have deputy assistant secretaries instead of assistant secretaries. What seemed to be important was to get them to operationally work together, but to do it with the other components as well, with Coast Guard, for example, and even with Infrastructure Protection. And that is where having an operations and a planning and policy shop Department-wide, I think, supplies the answer.

When we sat down to talk about a border security strategy, what we needed to do was to build a plan that was comprehensive, that took us from the beginning of the process through to the end, and that spanned, among other things, the role of CBP, ICE, and the Coast Guard. Putting together a tool that allows us to do that, which is what we have recommended, I think will address the problems that have been identified.

Now, as I say, I spent time thinking about it. I understand reasonable minds can disagree. I think that at this point I am confident that our solution has a very good prospect of succeeding, and I look forward to talking about it more with you in the future.

Chairman COLLINS. Thank you. Senator Lieberman.

Senator LIEBERMAN. Secretary Chertoff, let me come back to the question I asked you about the comments you made yesterday. First let me clarify because I have been asked, and by coincidence, many of us were in a classified briefing with you yesterday. I would never quote from that. I want to make clear this is a quote from apparently a meeting you had yesterday with the *Associated Press* reporters and editors. I want to read it to you because on the face of the story, if you have not seen it, it is very unsettling coming a week after the London attacks. It must be particularly unsettling to the 14 million Americans who ride rail and transit.

We know, as you said in your initial response, in your opening statement, that these are not closed systems, so they are harder to protect than aviation, for instance. But there seems to be a suggestion here that there is not a Federal responsibility to protect local and State rail and transit systems. And to me that goes to the heart of what the Department is about. The Department is dealing with a national threat of terrorism and does not base its protective actions on whether a Federal Government regulation dominates in one area or another. I will just read it to you briefly. This is an *AP* story today, Lara Jakes Jordan, *Associated Press* writer. "'The Federal Government can provide only limited help to States and local governments to protect transit systems from terror attacks, and local officials must be largely responsible for the cost of improved subway, train, and bus security,' Homeland Security Secretary Michael Chertoff said Thursday, one week after the bombings in London's subway and bus system. Chertoff said the U.S. Government is bound to financially support the security of the Nation's commercial airlines in part because the aviation system is almost exclusively a Federal responsibility. By contrast, he said, U.S. mass transit systems are largely owned and operated by State and local authorities. He also said the Federal Government must focus on attacks that could produce the most casualties. 'The truth of the matter is a fully loaded airplane with jet fuel, a commercial airliner, has the capacity to kill 3,000 people,' Chertoff told *AP* reporters and editors. 'A bomb in a subway car may kill 30 people. When you start to think about your priorities, you are going to think about making sure you don't have a catastrophic thing first.' Asked if this meant communities should be ready to provide the bulk of the protection for local transit systems, Chertoff said, 'Yep.'"

So I want to give you a chance to respond to that because I think—I repeat, I gather you have already been challenged to apologize by one of my colleagues on the floor of the Senate. This will create an uproar, and you happen to be here, so I think it is important for you to clarify how you see the Department's responsibility with regard to the safety of rail and transit systems in our country.

Secretary CHERTOFF. We have an equal responsibility to protect Americans across the board in every respect. The way in which we protect differs depending on the nature of what we are talking

about. And I think, the point I was trying to make—and, again, perhaps not with perfect precision—was we have to deal with the differences in the system as we talk about the way in which we interact with the system.

My point was the aviation system is essentially a closed system. We can govern people who enter and who have access to it. We can do it in a way that, because of the timing of aviation, allows us to put up portals and things of that sort. And, frankly, there is almost nobody positioned to put the boots on the ground, so to speak, other than what we do. I mean, there are not large numbers of local authorities that will provide screeners. So in terms of a manpower-intensive approach to screening in the aviation area, we do have a large Federal presence.

As someone who has ridden subways and trains all my life, most of the boots on the ground are local. They are local police and they are local transit police and local transit authorities. So a lot of the actual folks who do the work and a lot of the kind of manual day-to-day stuff is held by local governments and some by private, for example, bus lines and things of that sort.

So our responsibility is the same, but our way of interacting is going to be different. The help that we can give transit authorities, for example, may come in a different form than what we do with respect to airlines. No one is suggesting, I think, that we take Federal police and put them on subways. What we want is the ability to use our technology to do the kinds of things we are now doing, for example, here in Washington, and in other places like Boston and New York, to have better detection equipment, use of synchronized video cameras with, for example, chemical and biological sensors so we can get better efficiency and more efficiency with respect to the way in which we protect our subway and transit passengers.

So it is not a question of not having responsibility across the board. It is a recognition of the fact that different sectors of our economy are configured differently, and we have to be partners with everybody, and we have to recognize those differences in the way we apply our partnership.

Senator LIEBERMAN. OK. I wanted to give you the opportunity to clarify, and I think you have. Let me state what you know, which is, there is an enormous Federal investment, which we are debating right now, in the mass transit systems themselves, leave aside the security question. We are debating that in the transportation legislation, so there is a big Federal involvement there. But I agree, we are not talking in the case of mass rail and transit systems of Federal police, for instance. They are going to require Federal financial support and technological support. And I just want to give you the opportunity to clarify that you believe that there is a Federal responsibility, specifically through the Department of Homeland Security, in assisting rail and transit systems around America and protecting the security of the 14 million people who ride them every day.

Secretary CHERTOFF. Absolutely, and we do that, and we will continue to do that. My point is that we will do it in partnership with those systems. We are not going to come in and take the system over.

Senator LIEBERMAN. Understood.

Secretary CHERTOFF. We are going to do it with them and, in fact, that is what we have been doing.

Senator LIEBERMAN. Thank you.

Chairman COLLINS. Senator Voinovich.

Senator VOINOVICH. Thank you, Madam Chairman.

I think we need to reiterate the fact, Mr. Secretary, that you have 180,000 people from 22 separate agencies trying to come together. The Government Accountability Office has said that the way the Department is coming together is on the high-risk list, and I would hope that during your tenure one of the goals you have is to get it off the high-risk list.

I was there when Senator Gregg gave his opening remarks on the Homeland Security Appropriations bill, and he showed us four feet of reports, many of them critical, that have been done on your Department during the last couple of years. I would hope that perhaps 2 years from now there will be fewer critical reports of the Department.

How many committees in Congress do you have to report to?

Secretary CHERTOFF. Boy, that is tough. I am sure, obviously, we have two authorizing committees, two appropriations subcommittees. I would say in the Senate, I think we interact with at least two, if not three additional committees, and I think in the House probably the same. So I think we have, I would venture to say, somewhere on the order of eight to ten committees probably with some degree of jurisdiction.

Senator VOINOVICH. Madam Chairman, the issue of oversight is important, and the 9/11 Commission was very critical of us in this regard. I remember Jim Woolsey, the Director of the CIA, said that when Congress was in session 185 days, he made 205 trips here to Congress. I would like you to discuss just how often you have been here because the more time you are here, the less time you have to run your Department.

Secretary CHERTOFF. Well, I can say—and I say this with mixed emotion—that I think next week some Department representative will have attended the 100th hearing on Capitol Hill since the beginning of the year. So that is a milestone of some sort.

Senator VOINOVICH. As you know, I am very interested in human capital, and I applaud you for your MAX HR program. I would like you to share with the Committee what would happen if the cut that has been made in the House of $96 million, from your proposed $146 million management account, became law, what impact that would have on your ability to get the job done.

Secretary CHERTOFF. I think, Senator, it would have a very serious impact. As it is, I believe based on the cuts in the 2005 budget, we extended the period of time for phasing into MAX HR from 2 years to 3 years. I think we are in jeopardy if we don't adequately fund this to have the worst of all worlds, which is to have a pending change of significance but no ability to move it forward, which creates a great deal of tension among the employees and a great deal of uncertainty. So I would strongly encourage full funding to allow us to move forward.

Senator VOINOVICH. In other words, without full funding, you are not going to be able to implement the human capital and other management things that Congress has asked you do.

Secretary CHERTOFF. We will not be able to do it in a reasonable or timely fashion.

Senator VOINOVICH. As a Governor, I dealt with FEMA, and from my perspective it is the agency with the most expertise in working with State and local governments to prepare for, respond to, and recover from events. Many stakeholders consider that FEMA's role was diminished after it was incorporated into DHS. Under your Second Stage Review, it appears that the FEMA Director would not report to the Under Secretary for Preparedness.

Secretary Chertoff, with the Division of Preparedness and Response, how will FEMA's all hazards mission be coordinated with the roles and responsibilities of the Under Secretary for Preparedness?

Secretary CHERTOFF. The Under Secretary for Preparedness, Senator, is going to have to—let me actually begin by saying FEMA does a terrific job and has done a terrific job. What we have tried to do is make sure FEMA is focused on the mission that it is obligated to do and that it does well.

Now, preparedness really covers the gamut. It covers prevention as well as protection as well as response and recovery. The expertise that will be drawn upon by the Preparedness Directorate will be clearly expertise residing in FEMA, also expertise that comes out of the Coast Guard and out of some of our other operating arms as well, including, for example, Secret Service, which does a very good job in developing the kind of planning you need for preparedness.

So the idea here is not to decouple the skills of FEMA from Preparedness. It is to allow FEMA to pursue its core mission as a direct report to the Secretary and then look to the Preparedness Directorate to draw on FEMA's skill set and the other skill sets in equal measure in order to make sure it is covering the entire gamut of preparedness from prevention through response and recovery.

Senator VOINOVICH. We had a hearing this morning on National Capital Region security coordination. You have a Mr. Lockwood in your Department, and I must say that I was impressed with his testimony.

Secretary CHERTOFF. Yes.

Senator VOINOVICH. I asked him how many people he had working for him, and he explained it to me. The gentleman who represented the State of Maryland said that Mr. Lockwood does not have the people necessary to get the job done. I would appreciate your looking into that situation.

I am very concerned that so often we—the Congress—ask the Executive Branch to do a mission, and we do not give them the resources to get the job done.

Secretary CHERTOFF. I agree with that. I think they have done a fine job, and I think, in fact, it was in working with that office and the Mayor of Washington and the Governors of Virginia and Maryland in the most recent period of time after London last week,

I saw what a fine job they do. And I will certainly make sure that they are adequately supported.

Senator VOINOVICH. Thank you.

Chairman COLLINS. Senator Akaka.

Senator AKAKA. Thank you very much, Madam Chairman.

Secretary Chertoff, I am sure you will agree with me that financial accountability is critical to the success of the mission of DHS. That is why I wish to bring to your attention the Administration's noncompliance with legislation. I, along with Representative Platts and former Senator Fitzgerald, successfully passed legislation that brings the Department under the Chief Financial Officers Act. Our bill, which became law on October 16, 2004, requires the President to appoint a Chief Financial Officer for the Department no later than 180 days after enactment. As with all CFOs, the DHS CFO is to report directly to the Secretary. However, your Second Stage Review neglects the position. I would be interested in knowing, first, the status of the nomination of a CFO as required by the Department of Homeland Security Financial Accountability Act of 2004; and, two, given the direct reporting requirement under law, where will the DHS CFO be placed in the proposed reorganization?

Secretary CHERTOFF. Well, I don't know that we have identified the person to hold that position yet. We currently have a person on an acting basis who is holding the position. It is important—obviously, there is a legal obligation of a direct report, and I can tell you that I probably work more closely with the acting CFO now than I do with many people in the Department. I think it is important, though, that still remain well coordinated with our overall management function.

As I say, I envision complying with the law, but making sure that our CFO and his very important function, first of all, has authority and coordination over the entirety of the Department, which I think is critical in terms of making sure the financial system works together, and that it is closely configured with the other management elements of the Department, which include procurement, human capital, and things of that sort.

Senator AKAKA. Mr. Secretary, this morning, the Subcommittee on Oversight of Government Management, chaired by Senator Voinovich, held a hearing at my request on security in the National Capital Region. We discussed how important the DHS Office of National Capital Region Coordination, ONCRC, is to the success of the NCR. Under your proposal, the Director of ONCRC would report to the Under Secretary of Preparedness instead of to you, the Secretary, as is current policy.

My question to you—and this has been touched on already—is: What rationale led you to create another layer of bureaucracy between yourself and the National Capital Region? And, two, what steps do you intend to take to ensure sufficient full-time employees rather than detailees are available to staff this critical function?

Secretary CHERTOFF. Well, again, there are numerous direct reports to the Secretary, and what we have tried to do is look at the actual work flow and pattern within the Department and configure people who do a lot of work closely together in a manner that gets them close together in the organization chart.

The National Capital Office, which has really the function of preparedness for the capital, does something that needs to be very closely linked with preparedness in general. For example, a lot of the work that we want to do under our proposed Chief Medical Officer is going to have direct effect on the capital because we have suffered an anthrax attack here.

I want to make sure they are working together. In fact, what this does is it enhances the ability of the National Capital Office to participate in our preparedness planning, and including the bio-preparedness planning, using the perspective that he has, drawing from the unique challenges that you face in this particular city given the fact that it is the seat of government.

So I actually do not view it as diminishing the role of that office, but actually as enhancing its ability to touch and influence many of the preparedness functions that we need to use that will be of direct significance to protecting the capital of the country.

Senator AKAKA. Mr. Secretary, you have mentioned the need to enhance and speed up baggage inspections, and you call for more research on sophisticated detection equipment. I have a suggestion that is budget neutral. To help solve this problem, I urge you to improve TSA screener rights and protections. As an example, the checked bags at Dulles International Airport are placed on conveyors where they are taken to the basement for inspection. Bags are physically lifted off the conveyor belts, placed on screening machines, and then again lifted off and loaded on baggage carts. If a conveyor belt breaks down, which happens often at Dulles because several airlines ignore weight limits and the machinery is overstressed, the bags are physically moved by TSA baggage screeners many yards to a working screening machine.

This example clearly demonstrates why employee input on working conditions and new technologies is important because employees know firsthand the impact technology will have on their ability or inability, as the case may be, to do their jobs.

However, without the rights and protections granted to the other DHS employees, TSA employees may hesitate to disclose problems that directly affect the efficiency and security of our transportation systems as well as costs, since TSA employees have high rates of workers' compensation claims due to the physical nature of their jobs.

I believe granting TSA screeners full whistleblower protections, including appeal rights to the Merit System Protection Board, will improve our screening capability. And I ask you, what is your view on whistleblower protections for TSA employees?

Secretary CHERTOFF. Well, first of all, I do not think that anybody needs to hesitate about suggesting improvements in the screening system. In fact, I believe that when we do procurements, and particularly when we design requests for proposal, we need to do that by up front going to the operators and making sure we understand the operational conditions and constraints. It makes no sense, as you point out, to build equipment that in real life does not work because the people who operate it—it does not work in the real-world environment.

So we are going to be encouraging participation by people with operational experience in the process of designing and procuring our systems going forward.

Senator AKAKA. Thank you.

Chairman COLLINS. Thank you, Senator Akaka. Senator Coburn.

OPENING STATEMENT OF SENATOR COBURN

Senator COBURN. Thank you, Madam Chairman.

Thank you, Mr. Secretary, for your testimony. A couple of things. First of all, to follow up on CFO. I do not know if you are aware, but the Federal Financial Management Subcommittee has been looking at this, and I can tell you in terms of the President's management agenda, a qualified and vibrant and active CFO is a must for you to meet that, plus the PART assessments, plus IPIA, which is the Improper Payments Act, plus all the other acts from GIPRA on up, so I would just encourage you to get that settled because that is going to help us help you.

The second thing, under your six imperatives that you outlined, the second one dealt with borders and immigration. You mentioned strengthening border security, interior enforcement, and reforming immigration processes. I note that the third was reforming immigration processes, and I understand that works with it, but I want to make sure you understand that the consensus in the country, even though we have to have some immigration reform, is to secure our borders, northern and southern, and it is important for me, for this President and the people who work for him in positions such as you, to let the American people know what we are actually doing and what is the priority. Is it to change immigration policies, or is it to secure the border?

I understand that they all are interdependent, but which is the greatest priority?

I would also bring forth to you the fact that we had some questions of Mr. Aguilar in some of our oversight hearings, one of which is I asked him specifically to get to me exactly what they needed, his Department, to secure the border. I want to tell you, what he sent us could have come from a second grader in terms of being vague, noncommittal. In other words, he sent us some information but did not send us any information. I think that is inappropriate, first. Second is we really do need to see assessments. You see the amendments on the Senate floor about increasing border patrol? That is a reflection of the tension that is in the country, and I would just ask for you to comment on what we are doing on our borders. Do we have the money? Do we have the personnel? Do we have the training capabilities to secure the border first in conjunction with our immigration reform?

Secretary CHERTOFF. I am acutely aware of how troubled people are, and justifiably, about the situation at the border. I think I said in my speech that flagrant violation of our borders not only undermines our security, but it really flouts the rule of law, and of course it imposes a particular burden on the border communities.

I do not know when you got the information from Chief Aguilar, but I can tell you what we are doing. We are, as I said earlier, looking at this whole picture as a total system because the tendency—I can say, going back to my years when I was a prosecutor, a line

prosecutor in the Federal Government—sometimes is to flood a lot of resources to a piece of the system in a way that breaks the system.

This is about border patrol agents in part, but only in part. You have to be able to deploy them effectively. That means you have to have surveillance technology, it has to be integrated, in command and control, with the boots on the ground. You have to have changes in infrastructure so people can move more quickly. And then you have to do some other things. You have to have, for other than Mexicans—you cannot simply deport to Mexico—you have to have beds. But then when you look at beds, you have to ask yourself this question, how long does somebody occupy a bed? It now takes an average of about 40 days to get a person back to their home country. If we can cut that, we have effectively doubled the beds.

You understand the point. I think we have now mapped out this system in its entirety. I think we now know all the moving pieces. I will tell you I personally spent a fair amount of time, including some weekend time, on this. We are now finding a program manager, and we need to build a very specific set of plans that will now do things like, say, OK, for every X number of border patrol or X number of OTMs, how quickly do we have to move them out of their beds? What do we need to do that? Where does that mean we flow the funding?

You are exactly right to expect that we do that. One of the main reasons I am arguing for a policy and a planning directorate is to give us the people who can take these policies and now really, literally grind out the instructions very specifically about how we get there. I am convinced we can do it. We are working on it now. We are looking to start immediately on the detension and removal issue. It is not going to happen overnight, but we are also looking to do a system-wide procurement for a suite of technology and infrastructure and people that will be integrated and will get us to where we need to go in a way that does not create a bottleneck.

Senator COBURN. Let me just follow up. We also had a June 7 hearing on the Subcommittee on Terrorism and Technology and Homeland Security. Mr. Aguilar discussed the expedited removal process for OTMs on our southern border. I was impressed by what we have heard so far. Currently that is being done in 2 of 20 sectors, both on the southern and northern border. Senator Kyl asked him for a time frame when we could expect this to expand from 2 to 20, and Senator Kyl's actual words were, "Are we talking about a matter of months, or what are we talking about?" And Mr. Aguilar's quote was, "I would feel comfortable with that if DHS approves everything else, yes, sir."

So what does it take to approve that so that we get that type of process going in all 20 sectors?

Secretary CHERTOFF. I have approved it, I think, for a couple more sectors since then. The limiting factor, Senator, is beds. An expedited removal for a non-Mexican means you have to arrange to send them back to their homeland.

Senator COBURN. I understand.

Secretary CHERTOFF. Now we need beds, but let me just give you one other little example of a small thing we could do that would

make it better. Right now sometimes we wait, I think, for a period of days perhaps for a consular officer from a local country to appear and talk to the person before we can move him out. If we put in video conferencing and we get them to do it in a matter of hours, we can cut bed time.

So Chief Aguilar was right. We are talking about rolling this out. We are talking about a matter of months to scale this up. But we need to make sure that when we scale it up on expedited removal, we have fully scaled up all the rest of the process.

Senator COBURN. And you feel confident that is moving along?

Secretary CHERTOFF. Yes.

Senator COBURN. Thank you, sir.

Chairman COLLINS. Senator Lautenberg.

Senator LAUTENBERG. Thank you, Madam Chairman.

Mr. Secretary, those of us who come from urban area States are extremely concerned with the commentary made about transit systems and the Federal role in helping fund security for those systems. Now, many of these systems are interstate systems. We have Amtrak. Is Amtrack considered part of a national responsibility or does that, too, get divided up somehow in terms of supplying security funds?

Secretary CHERTOFF. I think Amtrak police are Federal employees. I mean, as I say, I have ridden the same systems that we are talking about for many years. I do not think anybody suggested we make the New York City Transit Police Federal police, or the New Jersey Transit Police Federal police. The hiring, the payment, and the managing of those police will continue to remain, as I understand it, in the State and local hands.

What we can do is we can add value in areas like technology and things of that sort, and we can give some financial help. But I guess, again, the way the ownership and the operation of those systems works is different in every different context.

Senator LAUTENBERG. It is a clouded definition, and we are going to need Federal help in many of these operations. We just do not have the means in the States to take care of it on our own.

Mr. Secretary, we took an action here yesterday that runs contrary to the statement that you make that you would oppose any amendment that does not allow 90 percent of the funding to be based on higher risk. Now, yesterday we voted within the Senate to decrease the funding that goes to the high-risk area by $138 million, confirmed by CRS. Does that represent an impairment for your operation in any way? Is it too small a sum to be concerned about?

Secretary CHERTOFF. I thought I was about as clear as you could possibly be in the letter, and I am sure I am better in letters than I am sometimes when I speak off the cuff. I mean obviously the closer we move to a totally risk-based system, the more ability we have to manage our resources in an effective way. Again, risk-based means looking at consequence, vulnerability, and threat. And as I tried to make clear, you cannot necessarily tell—maybe some people think they can—I cannot necessarily tell you which States, "win or lose under that formula." What I can tell you is that a risk-based formula that lets us use our resources in a way that is driv-

en by our analysis of risk as opposed to predetermined categories is what we favor.

Senator LAUTENBERG. Are you familiar with the statement made about the most dangerous 2-mile stretch in the country as an invitation for a terrorist attack; you are familiar with that?

Secretary CHERTOFF. We have talked about this, I know we have, yes.

Senator LAUTENBERG. Do you believe that is true?

Secretary CHERTOFF. I cannot tell you what the most dangerous 2-mile stretch is. I can tell you we look in a very disciplined way at all the infrastructure and the way infrastructure is built around each other, and we are very mindful of what reflects the highest dangers based not only on obviously the location of the population, but also the relationship with the infrastructure that can have cascading effects on things that are very far distant.

I think again, I mean what we advocate is, and what I advocated in the letter is, a funding mechanism that allows us to use some of the tools we have developed, and some of them are quite sophisticated, in analyzing threat vulnerability and consequence of all different kinds of infrastructure in different parts of the country and then let us allocate the money on that basis. Again, bearing in mind what I said, a lot of the infrastructure is in private hands, and so that means the private sector has to bear its fair share of the responsibility, as do our other partners.

Senator LAUTENBERG. It is suggested in a review of chemical hazards in the country, that fairly significant damage could result from an attack on any one of these. One of the most threatened place to the largest number of people is a chemical facility in Carney, New Jersey, which is part of the New York/New Jersey region, and it is estimated that as many as 12 million people could perish if an accident or a raid took place there. Do you have any reason to challenge these estimates?

Secretary CHERTOFF. I cannot say that I have heard of 12 million based on a single chemical plant. I can tell you what we do, and what we are continuing to do, is look at chemical plants, for example, and I think we have grouped them into tiers in terms of the threat that they would pose to particular parts of the country or numbers of people. It depends a lot on the nature of the chemical, the location of the plant, and how it is configured relative to other parts of a particular community, and I certainly do not want to announce publicly what the most dangerous ones are, but that is the model we are going to look at, as to the extent we have the ability to apply our resources in a risk-based way, and that is the kind of modeling we will use and go forward on.

Senator LAUTENBERG. Thanks very much.

Chairman COLLINS. Senator Coleman.

OPENING STATEMENT OF SENATOR COLEMAN

Senator COLEMAN. Thank you very much, Madam Chairman.

Mr. Secretary, just to follow up on Senator Lautenberg's comments, the whole idea of risk assessment is not an exact science. It is not a mathematical calculation that will allow you to rank order of most risk. There is a whole range of factors that enter into that, including the part that we do not understand, which is what

is in the mind of the terrorist, soft targets, hard targets. Minnesota has a nuclear power plant on the Mississippi River, so it is not a matter of the number of people that could be affected. You could affect commerce, one of the major flows of agricultural commerce in the United States, if that was the target, or the Mall of America, which is in a suburb outside of Minneapolis-St. Paul, but has 30 or 35 million visitors a year and is a symbol.

As we go about doing what we do in the Senate, I mean those of us who represent States with large cities but not of the size of New York or Los Angeles, risk is throughout this country. Do you think that is a fair statement?

Secretary CHERTOFF. I do, and I think, something here, Senator, I wanted to point out because it did not get as much attention in the speech as I thought it might, when we talked about the bio, having a chief medical officer and making preparedness for biological threats, putting it in the top rank of things, I was careful to talk about threats to animals and to our food supply. I mean that is something which people do not talk about perhaps that much here in this part of the country, but we all eat. I think we are all familiar with the impact, for example, that foot and mouth disease can have on our agriculture, and just look at what happens with one cow. So that is an example of something that I do put as high risk.

Again, every risk we deal with differently does not mean we are going to have Federal cattle police sitting on the farms, but it does mean that when we think about preparedness, that is the kind of thing that I do want to put a lot of emphasis on.

Senator COLEMAN. I would note that I did not make a formal statement, but in my formal remarks I wanted to say I was encouraged by the focus you have provided with a chief medical officer and the impact that has on food safety which is a huge issue.

But let me just talk about the issue of preventing terrorists from acquiring and detonating nuclear weapons. Clearly, it is a major concern. I think I recall in the presidential debate that this was one of the issues both candidates said, "this is the most important issue that we are facing."

There are two areas I just want to probe, the first being radiation portal monitors. I know that you are committed to getting those employed. I believe that we are, almost 4 years after September 11, I think we have one seaport has complete installation of RPMs. Can you tell me what your vision is and when you think we can get that done?

Secretary CHERTOFF. I think we have RPMs at a number of ports, land and sea. I think there may be a couple that have been 100 percent done. Others are not 100 percent. We want to continue that process, but the President's budget requests money for a Domestic Nuclear Detection Office, which would get us to the next level. We want to make sure we are working on the next level of detection equipment as well.

Senator COLEMAN. And that is the other area that I wanted to say that I am encouraged by the creation of a Domestic Nuclear Detection Office.

My question is concerning the ability of that office to coordinate with departments outside of the Departments of Homeland Secu-

rity, Defense, State, and Energy. Can you tell me a little bit about what steps that you will take to ensure that DNDO will be fully coordinating its activity with those branches of government that are outside DHS?

Secretary CHERTOFF. Sure. And one of the reasons I wanted to make a direct report was to give it the stature to attract people in the office that would not just be DHS people, but would be senior people from the Department of Energy and the interested departments. I have spoken to Secretary Bodman about this. We are both very committed to making this work. I know the President is personally interested in this as well. I think we all know this is a unique threat, and that is not to say that it is a threat that is imminent, but it is a threat that if it ever comes to fruition would be of a character unlike anything we have ever seen.

So there is a very high level of commitment to making this thing work, and if we can get the adequate funding—we are already working on it—we are going to continue to move in a very brisk fashion.

Senator COLEMAN. And I do want to applaud you. I think it is a bold step, and I think it is critically important.

Let me just ask about the soft side of Homeland Security, but one that has a lot of impact on people's lives. The requirement that is being instituted now for passports, travel between the United States, Canada, Mexico, the Caribbean. In northern Minnesota and I presume in northern Maine and maybe some other places, people have a lot of commerce that goes back and forth, and they do not have a lot of options for commerce. What they have is important, and that you want to maintain it. They travel back and forth. They do not keep their passport in their back pocket. It is about 97 bucks for a passport. If you have a family of five and you want to go fishing, all of a sudden you—you do not, by the way, have the passport operations in those areas. If you look at a map of where the offices are, they are not in the areas very directly impacted, in those northern regions.

So I am concerned about the impact on ordinary citizens. It is that kind of balance between securing our borders, which the Senator from Oklahoma talked about, but also doing it in a way that does not unduly burden average Americans going about living their lives, and particularly those areas that it is a real economic impact, is a real quality of life impact. Are you considering other ways to address this other than the passport requirement?

Secretary CHERTOFF. We are, Senator, and I think we made clear at the very beginning we were looking and anticipated alternatives to passports. Obviously, a passport would be sufficient. And by the way, I do not think this requirement would come into effect under the law which Congress passed as part of, I believe, the Intelligence Reform Act for a few years. We have a few years to stage into this.

But the idea is to identify other forms of secure identification that would suffice for purposes of doing this, and that is again why I am driving the point of having interoperable systems of cards and verification of documents so that you could use a wallet-size card that would do a number of different things for you, and it may be that under the—as we develop our regulations under the REAL ID

Act, it may be that we can move to the point that even driver's licenses will be able to satisfy the requirements of the statute.

Senator COLEMAN. Thank you, Mr. Secretary.

Thank you, Madam Chairman.

[The prepared statement of Senator Coleman follows:

PREPARED STATEMENT OF SENATOR COLEMAN

I would like to begin by commending your foresight and strong leadership in reexamining the structure and priorities of the Department of Homeland Security. The terrorist attacks in London last week reminded us that we are still engaged in a Global War on Terrorism. These attacks underscore the importance of this review and remind us that our enemies continue to seek to harm us and therefore, we must continually work to strengthen the security of our homeland. Both DHS and the Senate must collaboratively ensure DHS is adequately structured, financed, and focused to protect our homeland. I personally look forward to working with you and DHS to pass the legislation needed to implement the reforms you have outlined.

I am privileged to Chair the Permanent Subcommittee on Investigations and, as you know, we have closely followed supply chain security—specifically the implementation of the Container Security Initiative, or CSI, and the Customs-Trade Partnership Against Terrorism, or C–TPAT. As we discussed with Commissioner Bonner at our May 26 hearing, entitled "The Container Security Initiative and Customs Trade Partnership Against Terrorism: Securing the Global Supply Chain or Trojan Horse?" these programs are promising concepts, yet require considerable changes to transition into sustainable initiatives. Commissioner Bonner and CBP have begun to implement some positive changes, yet much work remains. To follow-up on our May hearing and assess these changes as well as the impact on the private sector, PSI will hold another hearing on this issue in the fall.

I am encouraged by the launch of the Secure Freight Initiative and hope to hear you expand upon this during your testimony today. I also hope, Mr. Secretary, that DHS will continue to work closely with my Subcommittee on programs and initiatives to strengthen our supply chain security. And as I have said previously, instead of security becoming a cost of doing business, it must become a way of doing business.

My Subcommittee is also closely following programs designed to confront the threat of nuclear terrorism. The threat of terrorist acquiring and detonating a nuclear weapon in the Untied States is real and we need to prioritize programs to prevent terrorists from obtaining material as well as programs to detect these materials abroad and domestically. It is simply unacceptable that today, almost 4 years after September 11, only one seaport has actually completed the installation of Radiation Portal Monitors, or RPMs. I am encouraged to hear that you have publicly indicated that the deployment of RPMs will be completed and urge that this becomes a top priority of DHS. Installing these portals must be a priority and this job must be completed.

Also, as you may know, I am a strong supporter of the Domestic Nuclear Detection Office and believe that under the direction of Vayl Oxford, this is the right and necessary concept for a coordinated and focused response to the threat of nuclear terrorism. No reform is more important in preventing a nuclear attack than eliminating the diffuse and disparate programs within DHS and across other Departments. I urge your personal involvement as DNSO seeks to enhance the coordination of the various Departments engaged in this issue.

Just like Chairman Collins, as a representative and a resident of a border State, border security is an issue of personal interest and importance to my constituents. We need to implement strong and sensible policies to secure our border, yet need to be mindful of the millions of Americans who travel freely across this border on a daily basis. As you all know, I have expressed concern over the far-reaching and perhaps, unintended consequences of the Western Hemisphere Travel Initiative. I hope that together we can find an acceptable solution that ensures security without infringing upon the lives of millions of my fellow residents along the Northern Border.

To that end, I would also like to note that my Subcommittee will continue to follow border security issues closely and focus on programs that facilitate trade, process people, and deport individuals that are here illegally. Strengthening these initiatives will ensure that all our borders are more secure. Finally, I am very excited that the legislation championed by Senators Collins and Lieberman—and which I co-sposnored—was recently passed by the Senate and will lead to the fair distribution of homeland security grants.

I want to thank you for addressing the grant problem between Minneapolis and St. Paul and also thank you in advance for taking the time to visit my good friend, Mayor Kelly in St. Paul next week. I look forward to your testimony today, and look forward to continuing to work with you as a Member of this Committee, as a Subcommittee chairman, and as a concerned citizen who wants to make our country more secure.

Chairman COLLINS. Senator Pryor.

Senator PRYOR. Thank you.

Secretary Chertoff, let me ask if I may something that Senator Coleman referred to a few moments ago and you followed up on about the food supply and agriculture generally.

What is your assessment of the risk of an attack to agriculture, what we call that agroterrorism?

Secretary CHERTOFF. I do not know that I can give you a number. I think the general issue of biological attacks on human health and animal health and food, it is an area that we need to be concerned about. We know historically that terrorists have looked at biological and chemical weapons, and I think it is not hard to see how that might be applied in an agricultural setting, as well as in a human setting.

Now, the principal point in our general governmental preparedness process for dealing with these issues is the Department of Agriculture, and they own the expertise. But our responsibility as those who essentially have to look at the total architecture of our preparedness is to make sure that we are working with the Department of Agriculture, that we have a good set of plans, a good set of preparedness for what to do in the case of an attack like this.

Obviously, part of this is keeping these agents out of the country in the first place. But we also know that there are naturally occurring things like foot and mouth disease in the world, so there is a fair amount of learning and understanding about how to deal with that, and we just need to make sure we have a good set of plans and resources in place in case something like that should happen.

Senator PRYOR. You mentioned a good set of plans and good preparedness. Do you feel like the Department is there?

Secretary CHERTOFF. I think we have done a lot, but I think by indicating my desire to consolidate preparedness and make it accountable in one place, that I feel we need to polish up what we have, and we need to make sure that to the extent there are issues that you have to debate about how you deal with these things, that we get those debates done in advance and make some decisions about what the appropriate course of action is before, God forbid, we face an actual crisis.

Senator PRYOR. So in other words, you are saying agroterrorism is real?

Secretary CHERTOFF. I think we have to treat the danger of a biological attack or a chemical attack on our agricultural system as a priority concern.

Senator PRYOR. Also would you include as part of that, using agriculture chemicals in an attack, like the Oklahoma City bombing?

Secretary CHERTOFF. That is a somewhat different category of issues. I mean the question of explosives—and we know that fertilizer can be used as an explosive——

Senator PRYOR. Right. I just mean they are much more available in agricultural areas.

Secretary CHERTOFF. I think that is true, although I must tell you there are a disturbing number of household chemicals that can be used to make powerful explosives. So that is a species of a larger problem that I would consider a little bit separate from the biological problem.

Senator PRYOR. I may want to follow up with you on that separately at some point and talk about that in more detail.

Do you think that agriculture security will be considered a high enough risk to be part of the risk-based funding? I mean are we there on that?

Secretary CHERTOFF. It is clearly a high risk in terms of our priority. Again, I guess I want to come back to the original point I made to Senator Lieberman. I cannot equate priority necessarily with the amount of money that is spent. There are going to be many things that are very high priority in which the infrastructure, frankly, is in private hands, and I am not going to say that the Federal Government is going to pay private people to protect what they own. We will use other ways to encourage the private sector to do what it has to do.

So I can tell you that agroterrorism is a very high priority. How that plays out in terms of funding depends on the particular characteristics of that sector of the economy and the way that business model works.

Senator PRYOR. Great. And tell me about the chief medical officer. How do you envision that working?

Secretary CHERTOFF. Again, we do not own—the expertise in human health is principally HHS. The expertise in animal health is principally Agriculture, and that is before we even get to all the State officials who have a tremendous amount of expertise in this area. I do not see DHS as competing to seize control of the expertise.

What we do have the obligation to do is to look at the total picture, make sure that we turn to the departments with the expertise, and ascertain that they have a plan in place, that it is properly integrated with everything else we are doing in terms of preventing and protecting against an attack and responding if we have an attack. Making sure, if there is uncertainty about that plan, that we get that resolved and we have certainty, and ultimately owning the responsibility for coordinating a response with these experts in the various departments across the board. And that is what is really laid out in the National Response Plan which the President has issued.

Senator PRYOR. I am curious about your new organizational paradigm there that you are trying to set up. Do I understand correctly that Border and Transportation Security is merging into Preparedness?

Secretary CHERTOFF. No. What is going to happen, we are going to take the—Border and Transportation Security did three things. It was responsible for policy planning and was responsible for operations, but only with respect to some of the components of the Department. It covered, for example, Customs and Border Protection,

TSA, and ICE. It does not cover Coast Guard, for example, or other functions.

What we are doing, essentially we are building on a good idea. We are taking the good idea of that planning function, but we are making it part of a department-wide directorate that is going to have the ability to plan for all of the components, not just some of the components. We are going to take—Border and Transportation Security had an operational capability, but with respect to a few components. We are going to take that and create an office that can be operational coordinator for all of the components. Once we do that, we have effectively taken the functions of the BTS, and we have made them more nimble and made them more wide spanning across the entire breadth of the Department. At that point we really do not need another layer to stand between some of the components and the Secretary. We have taken out the functions, we have distributed them across the board, and I think we can actually flatten the organization.

Senator PRYOR. So if I can summarize, this sounds to me like it is an example of the Department being up and running for a couple years, learning some lessons about how some things work and some things do not, and you are trying to streamline and make things more efficient.

Secretary CHERTOFF. That is exactly right.

Senator PRYOR. Thank you.

Chairman COLLINS. Senator Dayton.

OPENING STATEMENT OF SENATOR DAYTON

Senator DAYTON. Thank you, Madam Chairman.

Thank you, Mr. Secretary, for taking on these many enormous burdens. We have had two instances in the last 13 months with a small private plane, originally unidentified, at least not communicating its identification to Capitol Police, and evacuations, and I think both of them have demonstrated different gaps in communications. The first, as I recall, the FAA was aware the plane did not have an operating transponder and under its own regulations should not have been permitted, but it was, and they knew that. They did not communicate that. There was an open line established, I guess, among different agencies to communicate post-September 11. That was not staffed so the information was not shared.

More recently, the evacuation, I believe, showed a lack of communication between the Federal and the City of Washington, DC, and as we learned this morning at a hearing that Senator Voinovich chaired, a subcommittee, was instructive because they had representatives from the States of Virginia, Maryland, and then Washington, DC, and then the Federal agency. And the complexity of these intergovernmental entities and relationships means, it seems, that there have to be these multiple communications, which in an emergency situation, seems the more complexity you have, the more likelihood that something is not going to function properly.

Is your agency responsible? Is there an overriding responsibility that someone has to protect the Capitol and to make decisions that become necessary if that kind of a situation occurs again?

Secretary CHERTOFF. I guess we have responsibility for managing the relationship and the response with our State and local part-

ners. To the extent, of course, that F–16s go up, as they do when we have these incidents, those F–16s obviously are part of the Department of Defense and operate within the authority of the Department of Defense.

What we did in the wake of—there frankly have been many incidents with small planes. Very few of them get to the point of getting reported. And they are by and large innocent. People either get mixed up or sometimes they are trying to avoid weather. What we did after a recent incident was we sat down with the city and with everybody else. We have an operations center in which both States and the City of Washington, DC, are represented and have people present who can listen real time to the discussion over the airways when planes are coming in.

We decided that as a back-up it made sense for the District of Columbia to have somebody present in our Transportation Security Administration Operations Center, which is a second center, and have that person again able to listen live. And then I think there is also some additional steps the District has taken to tap into some of our preexisting warning communication systems——

Senator DAYTON. Excuse me. My concern is that in both of those instances, although people were evacuated—I give the Capitol Police, I mean they were heroic to stand their ground and get people out—but if either of those planes had been a hijacked terrorist plane, it would have crashed in the Capitol well before hundreds of people would have been evacuated.

Secretary CHERTOFF. Well, actually—let me try to address it this way. Of course the time frame within which you know that a plane is coming is very short. We get hundreds and hundreds of planes that within a certain number of miles do raise our interest. I can tell you first of all that I do not think there is any doubt that had it been necessary, the Air Force would have had the capability to remove any threat, any airborne threat.

But that raises a second question, which is to caution that evacuation is not always the right step in the face of an attack. A small plane—and I know this is being looked at now—does not necessarily have the capability of doing to a strong building what people envision, let us say in the case of what happened on September 11. On the other hand, a small plane carrying a chemical or biological agent would actually do more damage if people go out in the street than if people shelter in place.

And if there is one message I can leave to the country at large on this issue of preparedness is, our intuitions about the right reaction in the face of a threat like an airplane, which is often to run, sometimes turns out not to be right. Sometimes we are better off sheltering in place. That is why one of the things we encourage people to do is, as part of preparedness, is to think through and understand—we want businesses to do this, too, and government agencies—to understand that sometimes the right advice is do not run out of the building, stay where you are, maybe go down to a basement, and that is actually safer.

So we have spent a lot of time on this. I am confident we have the situation well in hand, and we continue to monitor it and train on it.

Senator DAYTON. Along those lines, how does opening National Airport to general aviation improve our homeland security?

Secretary CHERTOFF. What it does is it is the recognition of the fact that where we have sufficient systems in place to protect ourselves, we ought to consider lightening the burdens and restrictions as well as making them heavier.

Senator DAYTON. We have no security at the terminals I have gone to that charter planes, no screening, nothing.

Secretary CHERTOFF. Actually, when the regulation becomes effective—and I think that should happen within a very short period of time, a matter of days—it will not allow general aviation to come in. It will require general aviation that comes in to be previously identified, required TSA screening at the place in which the general aviation departs from. It requires certain other security measures that are in place, precisely to avoid the situation you are concerned about.

Senator DAYTON. If the greatest burden placed on somebody is to have to land at Dulles and drive in, as I have done several times for that reason, I mean, it seems to me that is a very small burden on anyone, and with these planes you say it has happened a number of times without having an evacuation, it just seems to me having that many more planes and pilots with different degrees of knowledge about the procedures and all, you are begging for more incidents related to the Capitol. I do not get it. I think it is one of those burdens that can be justified.

I am sorry my time is limited. I am sorry to cut you off. But let me ask something else. Last night Senator Akaka offered an amendment to increase the funding for the first responders program, including the UASI and the like, and we were told by the chairman of the Senate Budget Committee on the floor, he said, "The simple fact is that you cannot disregard the fact that there is $7 billion in the pipeline for first responders, $3 billion from the year 2004, $4 billion from 2005 that has not been spent." Is there $7 billion in the pipeline because we would surely love to direct some of that pipeline to Minnesota.

Secretary CHERTOFF. I think the figure I have in my mind on State homeland security funding and Urban Security Initiative Funding in the last several years, I think, is a total of $8.6 billion. That is over a period of years. That is in various parts of the pipeline. Some of it has been spent, some of it has been obligated, some of it is going to be awarded in grant programs that we currently have under way.

So again, often figures get sliced in different ways, and I am never quite sure——

Senator DAYTON. But never in the Senate.

Secretary CHERTOFF [continuing]. How they are being sliced, but I can tell you that I think the figure I have for the last several years has been $8.6 billion.

Senator DAYTON. Madam Chairman, I will direct a question, if I may, and ask for a written response that really details that because I think if that was a misstatement on the Senate floor, it should be corrected. If it is accurate, I would like to know why there is $7 billion that has not been distributed and why areas of Minnesota were zeroed out in funding, and I will follow up on that.

Finally, I noted with interest your comments in your prepared testimony, Mr. Secretary, about FEMA. We have had a couple of experiences in Minnesota with flooding disasters. In 1997, the Red River flooded and Grand Forks, East Grand Forks, and the lake were seriously damaged. From all accounts, FEMA was outstanding there and responsive, minimum of red tape. When the city of Roseau in Northwestern Minnesota flooded in 2002, it was not the same efficiency of response. I was up there myself a couple of times in the immediate aftermath, and the FEMA individuals came in from, I believe it was Washington State, but they were right on the spot. They could not have been more wanting to be forthcoming.

But they were trying to explain these programs to beleaguered men and women who lost their homes, lost their businesses, lost their farms, whatever, and you had to have an advanced degree in computer science to track these different programs and intricacies and everything else. And then they had to apply, and then they got turned down, and then they did not know they had to appeal. I mean we could have made it a lot easier, and without just throwing money at people, they needed some oversight. This is a time when people are down and out, they are in despair, and if ever government needed to undo a lot of the bureaucratic red tape and just be able to be forthcoming in a reasonable way would just improve, I think, not only the quality of the service but just the attitude that those people have toward their own government in a time of critical need.

So I would urge you to bring to us, as soon as you can, any suggestions or whatever you need from us, to untie the hands of these people and simplify these programs or assistance, and authorize the people on the spot to do a job, empowering them to approve these awards and get the money in the hands of these people.

Thank you. I am finished. Thank you.

Chairman COLLINS. Thank you. I just want to make sure Senator Carper has time for his questions because the vote has started.

Senator DAYTON. He said I could have his time.

Chairman COLLINS. And you did. [Laughter.]

Senator DAYTON. He does not remember that.

Senator CARPER. I would like to insert my prepared statement at this time.

[The prepared statement of Senator Carper follows:]

OPENING PREPARED STATEMENT OF SENATOR CARPER

Thank you, Madam Chairman, for holding this important hearing on Secretary Chertoff's plans to refocus and reorganize the Department of Homeland Security.

I supported the creation of the Department of Homeland Security as a Member of this Committee 3 years ago now because I believed it would enable Federal agencies to do better, and more efficiently, prevent, prepare for, and respond to disasters and terrorists attacks. Since the Department came into being, I think we've had some successes. There are certainly areas, however, that need improvement.

We established the Department of Homeland Security to reduce the vulnerability of the Untied States to terrorism. The bombings in London last week and in Madrid last year, however, demonstrate the very real threat to our own transit and rail systems.

But to date, the Department of Homeland Security, to my knowledge, has not set out a review of the threats to and vulnerabilities in our surface transportation system. Nor has the Department provided standard guidance to our Nation's transit and rail operators as to how they should protect their riders.

We need the Department of Homeland Security to work proactively to establish standards and help build the infrastructure necessary to prevent and prepare for future attacks. They can't respond only to the specific type of attack we suffered on September 11. But the Department has failed, in my view, to tackle rail and transit security needs the way they've tackled aviation security.

In the Department's defense, Congress hasn't put the same focus on rail and transit security as we have on aviation security either, and this is something we need to change. The Senate unanimously passed legislation last year to establish a transit and rail security program. However, the House did not act on it before the end of the session and neither body has done anything since.

While we've stood by, the FBI has warned us on more than one occasion that al Qaeda may be directly targeting U.S. passenger trains and that their operatives may try to destroy key rail bridges and sections of track to cause derailments. Following the successful attacks in London and Madrid, it's likely that al Qaeda and other like-minded groups will target rail and transit systems in the United States. We need to provide our transit agencies and Amtrak with the guidance and support they need. We can't afford to wait for a London- or Madrid-style attack to occur on our shores before taking action.

Further, many municipalities—including the District of Columbia—are concerned about the movement of hazmat by rail and by truck through their cities. Because the lack of Federal guidance regarding who must be informed about hazmat movement through sensitive areas, cities and States are moving ahead with their own rules and often fighting this out in the courts. The experts at the Department of Homeland Security need to analyze this issue and provide us with some guidance so that we can provide a consistent, safe standard regarding the movement of hazardous materials across our country.

In closing, I'd note, Madam Chairman, that Secretary Chertoff mentioned in his speech yesterday announcing the results of his second stage review the need to tighten transportation security—including rail and transit security. I look forward to hearing some details this afternoon about what he might have in mind in this area because it's vitally important that we hit the ground running in the wake of the London bombings and work together to do what needs to be done to prevent loss of life here at home.

OPENING STATEMENT OF SENATOR CARPER

Senator CARPER. Mr. Secretary, welcome. Thanks for joining us again today. It is good to see you as always.

I know this question came up earlier, and I was unable to be here when it was raised. But I believe you may have testified before a committee in the House either today or yesterday. I was asked by a reporter to respond to something that she thought that you had said. The tenor of her question, the thrust of her question was: Secretary Chertoff suggested before the House yesterday or today that the States really should assume the responsibility for underwriting the cost of terrorist protection, or protection against terrorist attacks on inter-city passenger rail and on commuter rail services. I do not know if she was goading me or what, but she was trying to get me to kind of lash out at you. And my first response was, I find that hard to believe that he would have said that. So I think it has probably come up here earlier, but I just wanted to hear it with my own ears what you said.

Secretary CHERTOFF. It did come up earlier, Senator, and it is fascinating to watch the velocity of misunderstanding as it increases over time. While I may not have been crystal clear, what I said to the reporter—it was not in a hearing, but what I said to the reporter is this: We deal with different systems—we obviously have a Federal responsibility for protecting everybody in the country. We deal with the mechanics of different systems, and so the way in which we carry out that protective responsibility differs in different systems. The aviation system is one in which it is a closed

system, and basically Federal authority is the only government authority that operates in the area of air travel.

When it comes to, for example, subways—and here I am speaking from my own personal experience riding subways—a lot of the boots on the ground are local boots on the ground. There are transit police, local police, and conductors.

Although we have, for example, screeners at the airport that are federally employed, I do not think anybody would suggest we should federally employ all subway, transit police, or subway conductors.

The way in which we work with protecting our transit systems is to work in partnership with State and local authorities. And the boots on the ground largely are owned by those State and local authorities, they are not Federal police.

What we do bring to the process is we give assistance, we have technological assistance, we have intelligence. I have talked at some length here about some of the detection equipment and detection systems we have worked with the States and locals to put into place, as well as worked with, which we are continuing to be doing. And of course we have made aid available through various transit programs, as well as through the President's budget, which contemplates $600 million in targeted infrastructure protection that is available for transit systems.

We talked earlier about the State Homeland Security grants and the Urban Security Initiative grants. That is $8.6 billion, and that money is certainly—transit protection is eligible for that kind of assistance.

So we play a major role working with our partners in protecting our rail and bus systems. But the way in which that role is played, of course, is different in that partnership setting than it is, for example, in a setting, in an aviation setting where it is a different kind of a system.

Senator CARPER. I am told that if you add up all the people that ride subways and buses and trains, and you look at the amount of money that we are spending as a Nation to protect them from terrorist attacks, it works out to about 12 cents per rider. I am told that if we look at the amount of money that we spend on those of us who ride airplanes around the country and around the world, that we spend as a Nation about $7.50 dollars per rider. I do not know if those numbers are correct, but if they are, we are spending roughly 50 times more for a rider on an aircraft than we are on those who may be on a train or on a subway.

I appreciate the need for a partnership, but I have a concern. There are a lot of other expenses and needs that State and local governments are trying to meet with the Federal grants that they get, and to load onto that a major expectation for them to help protect inter-city passenger rail and transit, I think is unwise, and I am encouraged by what I hear you say, but I want to have a chance to think about it a bit more.

Let me just come back to funding for this current fiscal year. My recollection was in the appropriations bill for Homeland Security in fiscal year 2005 that we included about $150 million to look to the needs of transit security in particular. I do not know that there is any money there for inter-city passenger rail, but about $150 mil-

lion. And I am told that we spent precious little of that money during the course of this fiscal year. I do not know if that is true. Maybe you can clarify that for me if it is. But if it is true, if we spent none or little of the $150 million. I am also told the Administration did not ask anything specifically for 2006. I think we have about $100 million in the bill now on the Floor, probably going to adopt an amendment to add to that. But my question is, what is the Department doing to facilitate moving that money out to where it might be put to best use?

Secretary CHERTOFF. We retooled our process of analyzing how we were spending this year in order to be somewhat more rigorous and disciplined in terms of how to get the money out, and I think the real money, some of the real money that was stopped is now in the process of being moved out.

I have to say, I think, I read an article in the paper in the last couple days where the head of the New York Metropolitan Transit Authority said he had a lot of money he had not spent yet. And they were asking him why, and he said: "Because I do not really know what to spend it on. I am waiting to see what kind of technology is the best technology to use."

This is very important to protect transportation, but it is important to protect it in the right way and not to waste the money, and I can guarantee you, if we waste the money I am going to be reading stories in a year about how we wasted money on gyms and stuff like that, which I know from going back a couple years.

Senator CARPER. It is hard to waste money when we are not spending it. I do not think anyone is going to accuse you of wasting money in providing for transit security.

Secretary CHERTOFF. I think what we are doing is we are spending it, but I think we have a program now to make sure it is being spent wisely, and of course, again, when I hear the head of transit authority say, well, he is not sure he wants to spend his money yet because he does not know what to spend it on, that does put a little kind of cautionary flag up.

I do want to say that we are doing a lot of stuff in rail. We are doing a lot of stuff with respect to, for example, chemical and biological detection equipment, integrated systems with video and with detectors which we now have in Boston and in New York and in Washington. We have Biowatch centers in 32 cities in the country. We are accelerating development of that. That is focused on a very significant threat in the subway system, which is the threat not just of a bomb which could kill—it would be bad enough to kill a few dozen people, but imagine a biological agent put in a subway system that killed thousands of people and made the system unusable for a period of months.

So I want to make sure that we are focused on putting our considerable resources that we are putting into transportation security, again, in a disciplined and prioritized way.

Finally, let me say, in this year's budget, we basically combined a number of programs, and actually our targeted infrastructure protection program requested $600 million, which would put in the area of rail and other similar things more money than would have been available to all of those things individually based on the prior year's spending.

So we have actually put considerable additional money into this, and I want to remind the public that in addition, we have large general grant programs for homeland security which are fully available for transportation. So we should not view transportation as limited to a few hundred million. We have literally made billions of dollars available to States and localities in various programs over the years that have been used to spend on enhancing transportation facilities.

Senator CARPER. My time has expired. Let me just say, if the folks in New York or somewhere else do not know how to spend some of these dollars, I am sure there are folks in other States, including my own, and probably some other States that are represented here on this panel, that could figure out how to do it.

I would urge you to consider, your Department to consider putting out guidelines to help New York or anybody who is having a hard time figuring it out.

Last, we do not have time to do this here. If I did, I would ask you just to share with us, what do they do in London? What systems do they have on the ground in place that enable them to track down so quickly the perpetrators of the crimes that were committed and killed all those people?

Chairman COLLINS. Cameras.

Senator CARPER. That is what I hear. But we do not have time for that today, but it was amazing what they accomplished in a very short period of time in figuring out who did this, who perpetrated those crimes, and tracking down the perpetrators, identifying them. Thank you.

Chairman COLLINS. Thank you, Senator.

Mr. Secretary, we do have a vote on. You are in luck because that means this hearing has to conclude.

I want to make two very quick points in closing. The first is that as I review your plan, I see that you intend to make some truly fundamental changes to the Department without requesting legislation. Your list of legislative changes is very narrow, and I think you are pushing the boundaries on that. I hope you will work with the Committee so that we can draft a more comprehensive reauthorization bill. I think many of the changes you are proposing really should be done by law and not just administratively. So that is an issue we will be pursuing with you.

Second, I cannot let the record go uncorrected in response to the comments from the Senator from New Jersey about the Collins-Lieberman Homeland Security Grant Amendment, which was adopted by the Senate overwhelmingly yesterday, with more than 70 votes, 71 as a matter of fact.

I want to make two points. First, the Collins-Lieberman Amendment doubles the amount of money that would be allocated based on a risk assessment as compared to current law. In fact, the latest Congressional Research Service report, which I will put into the record, says that nearly 80 percent of the funding would be allocated based on a risk assessment.[1]

Second—and this is a very important point—the Secretary of Homeland Security will have unprecedented authority to allocate

[1] The CRS report dated July 12, 2005, appears in the Appendix on page 72.

funds. We asked the Congressional Research Service to see if they could find any other grant program in excess of a billion dollars where a Secretary was given such unfettered discretion, and they could not. Colleagues on both sides of the aisle have expressed concerns that we in the Congress are giving you too much authority to allocate these funds as you see fit.

So in fact, we have moved a long ways toward the position that you have advocated, despite the concerns of the Senator from New Jersey. I hope your future public statements on this will reflect these key points as well.

Senator LIEBERMAN. Madam Chairman.

Chairman COLLINS. Senator Lieberman.

Senator LIEBERMAN. May I just say that in this, as in so much else, the Chairman speaks for the Ranking Member. [Laughter.]

I do want to say it struck me, as we were all focused on London, that it bears mentioning that from all that we know now, the plot to attack rail and transit in London was put together in Leeds, a smaller town, and it follows the pattern of the September 11 attacks here, and it shows the important role of local law enforcers in stopping such plots, not to mention the fact that agroterrorism, obviously, would be carried out in rural areas as well. So we are together on this. Thank you very much.

Chairman COLLINS. Thank you. The hearing record will remain open for 15 days. I am sure many of the Members will have additional questions for the record as well as other materials to submit.

Thank you very much for appearing today. We look forward to working closely with you.

Chairman COLLINS. This hearing is now adjourned.

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

APPENDIX

STATEMENT OF SECRETARY MICHAEL CHERTOFF
U.S. DEPARTMENT OF HOMELAND SECURITY
BEFORE THE UNITED STATES SENATE
COMMITTEE ON HOMELAND SECURITY AND GOVERNMENT AFFAIRS

Thursday, July 14, 2005
Washington, DC

Madam Chairwoman, Ranking Member Lieberman, and Members of the Committee: Thank you for the opportunity to address you today, and for your ongoing support of the Department of Homeland Security's efforts to keep America secure and free.

I am honored and pleased to appear before the Senate Homeland Security and Government Affairs Committee today to discuss the outcomes and results of our Second-Stage review. Last time I appeared before the Committee in March, we were in the middle of the Second Stage review process, and I was only able to briefly touch on some of our overarching goals – such as risk management – that were guiding our work on this important initiative. Today, I am able to report more fully on the results of that process.

As the Committee is well aware, I launched 2SR several months ago at the beginning of my tenure. 2SR is a systematic evaluation of the Department's operations, policies and structures to ensure that our form and function are most effectively aligned to maximize our ability to achieve the security outcomes associated with our overriding mission of protecting the homeland.

All Americans owe a tremendous debt of gratitude to the patriots and pioneers who built this Department in record time. Because of their dedication, security at our ports, airports, critical infrastructure and borders has been significantly strengthened. Our nation has thwarted plots and captured terrorists. As a result, in the period since 9-11, the American people have begun to live under an umbrella of greater security, with greater peace of mind than we imagined on that terrible day.

My job – and the job of the leadership team at the Department – is to provide the strategic direction, tools, and aggressive support needed by our colleagues to build upon that foundation and continue to advance the effectiveness, agility, and capacity of this Department every day.

2SR – Philosophy

Our review was conducted with several core principles in mind.

First, as I have said before, DHS must base its work on priorities driven by risk. Our goal is to maximize our security, but not security "at any price." Our security strategy must promote Americans' freedom, prosperity, mobility, and individual privacy.

Second, our Department must drive improvement with a sense of urgency. Our enemy constantly changes and adapts, so we as a Department must be nimble and decisive.

Third, DHS must be an effective steward of public resources. Our stewardship will demand many attributes – the willingness to set priorities; disciplined execution of those priorities; sound financial management, and a commitment to measure performance and share results. Perhaps most of all, DHS must foster innovation.

Finally, our work must be guided by the understanding that effective security is built upon a network of systems that span all levels of government and the private sector. DHS does not own or control all these systems. But we must set a clear national strategy, and design an architecture in which separate roles and responsibilities for security are fully integrated among public and private stakeholders.

We must draw on the strength of our considerable network of assets, functioning as seamlessly as possible with state and local leadership, law enforcement, emergency management personnel, firefighters, the private sector, our international partners and certainly the general public. Building effective partnerships must be core to every mission of DHS.

2SR Process

From across the Department and elsewhere in the federal government, we pulled subject matter experts and talented individuals away from their day jobs to focus on how well we tackle our tough fundamental challenges: prevention, protection, and all-hazards response and recovery.

This Second Stage Review utilized 18 action teams -- involving more than 250 DHS staff – to evaluate specific operational and policy issues. We asked each team to answer a couple of simple questions. First, freed from the constraints of existing policies and structures -- writing on a clean slate -- how would you solve a particular problem? And then, how would you take the best solutions and implement them aggressively?

We actively sought opinions from hundreds of public and private partners at the federal, state, local, tribal and international levels. Finally, we examined the DHS organizational structure, to make sure that our organization is best aligned to support our mission.

This work, along with the experience of the last two years in the Department's existence, will now play a critical role in setting our agenda moving forward.

Six Imperatives

In the weeks and months to come, the Department will launch specific policy initiatives in a number of key areas. Here, then, are six of the key imperatives that will drive the near-term agenda for DHS. We must:

1. Increase preparedness, with particular focus on catastrophic events.
2. Strengthen border security and interior enforcement and reform immigration processes.
3. Harden transportation security without sacrificing mobility.
4. Enhance information sharing with our partners, particularly with state, local and tribal governments and the private sector.

5. Improve DHS stewardship, particularly with stronger financial, human resource, procurement and information technology management.
6. Re-align the DHS organization to maximize mission performance.

We will put more muscle on the bones of these six areas and others with additional actions and policy proposals in the weeks and months ahead. But, for now, let me give you a broad overview of our agenda for the future of the Department.

1. Preparedness

First, preparedness. In the broadest sense, preparedness addresses the full range of our capabilities to prevent, protect against, and respond to acts of terror or other disasters. Preparedness is about securing America's critical infrastructure, which is not a government asset; roughly 85 percent is privately owned or operated.

At the outset, we must acknowledge that although we have substantial resources to provide security, these resources are not unlimited. Therefore, we as a nation must make tough choices about how to invest finite human and financial capital to attain the optimal state of preparedness. To do this we will focus preparedness on objective measures of risk and performance.

Our risk analysis is based on these three variables: (1) threat; (2) vulnerability; and (3) consequences. These variables are not equal – for example, some infrastructure is quite vulnerable, but the consequences of attack are relatively small; other infrastructure may be much less vulnerable, but the consequences of a successful attack are very high, even catastrophic. DHS will concentrate first and most relentlessly on addressing threats that pose catastrophic consequences. Some of the tools needed to prevent, respond and recover from such awful scenarios are already in place; but others need significant improvement.

The first step in enhancing national preparedness is establishing a preparedness baseline that measures the effectiveness of our planning for preventing, protecting against, and

responding to terrorist acts or disasters. A second stage review team has, therefore, constructed the model for an analytic matrix that will set that baseline. The matrix will allow us to analyze possible threats and will map the current state of prevention, protection and response planning with regard to each. This matrix will be a critical tool enabling us to identify and remedy current gaps in preparedness.

Bringing greater planning discipline to each of these risk scenarios is another dimension of our preparedness mission. And simple common sense counsels that we begin by concentrating on events with the greatest potential consequences. That is why the Department's *National Preparedness Goal* -- and additional, risk-based planning -- will form our standard in allocating future DHS grants to our state and local partners so that we build the right capabilities in the right places at the right level. Federal money should be distributed using the risk-based approach that we will apply to all preparedness activities. And DHS needs the discretion to award infrastructure protection grants in a more flexible manner, as provided by the Administration's proposed Targeted Infrastructure Protection Plan.

Of course, federal funds are not the only resources available to strengthen the protection of our valued infrastructure. Three years ago, Congress passed the SAFETY Act to enable our private sector partners to develop innovative technology to protect the homeland without the fear of unduly high transaction costs imposed by the possibility of frivolous lawsuits. There is more opportunity to take advantage of this important law, and we will do so.

Finally, of all the catastrophic threats we face, a nuclear attack on our soil would be uniquely threatening to our society. The President's budget asks Congress to establish and fund a Domestic Nuclear Detection Office (DNDO) to develop and deploy the next generation of systems that will allow us to dramatically improve our ability to detect and intercept a nuclear threat. We have begun to take the steps to make this office a reality. The DNDO will report directly to me under our new structure – and I ask that Congress support this essential and critical resource.

2. **Borders and Immigration**

Our second imperative is the need to strengthen border security and interior enforcement, as well as improve our immigration system. We cannot have one approach without the other.

As to the first, we must gain full control of our borders to prevent illegal immigration and security breaches. Flagrant violation of our borders undercuts respect for the rule of law and undermines our security. It also poses a particular burden on our border communities. We are developing a new approach to controlling the border that includes an integrated mix of additional staffing, new technology and enhanced infrastructure investment. But control of the border will also require reducing the demand for illegal border migration by channeling migrants seeking work into regulated legal channels. I look forward to working with Congress this year to improve border security significantly through the President's Temporary Worker Program (TWP).

Immigration policy is about more than keeping illegal migrants out. Our heritage and our national character inspire us to create a more welcoming process for those who lawfully come to our shores to work, learn and visit. Secretary Rice and I will, in the near term, announce a detailed agenda of work and innovation that the Department of State and DHS have begun together to ease the path for those who wish to legitimately visit, study, and conduct business in this country, while at the same time ensuring that our national security interests are protected.

Of course, most people come to our shores to seek a better life for themselves and their children. Ours is a nation of immigrants, but, for legal immigrants trying to become American citizens, the process can be confusing, frustrating, and seemingly endless. Part of the problem is that the current business model fosters a long delay between application and final adjudication of applicants for residence and citizenship, during which many applicants stay here as temporary residents. But this system puts some of the most

important security screening at the end of a lengthy process rather than the beginning, and leads to an unnecessarily high rate of rejection late in the process.

As a result, too often, this system leaves a negative first impression of our nation with our new fellow countrymen. Worse yet, it causes unnecessary security risks because people enjoy temporary residence while we are completing the screening process. Restructuring this process to enhance security and improve customer service will be an important part of our agenda.

2. Transportation Security

Creating better systems to move people and goods more securely and efficiently was a core objective in founding DHS. It remains so today.

(a) Enhancing Transit Safety. The tragic events in London last week served as a reminder of the terrorist threat against innocent civilians in our mass transit systems. Following last year's Madrid train bombings, DHS took important action not only by increasing funding for rail security, but also by conducting over 2,600 individual consequence assessments. Since 9/11, the Transportation Security Administration and the Department of Transportation's Federal Transit Administration have worked extensively with the transit industry and first responders to strengthen the overall security capabilities of transit systems, with a special emphasis on the largest systems. Together, we have developed a significant tool-kit of protective measures, which include the coordination and training needed to recover from possible attacks. Multiple funding streams within DHS will be available to support such projects, including roughly $8.6 billion enacted and requested since 2003 for our State Homeland Security and Urban Area Security Initiative grant programs.

We are also working to develop next-generation explosive detection equipment specifically for use in mass transit systems. We will continue to apply resources to this groundbreaking work. At the same time, we must also prepare for terror attacks of even greater consequence -- attacking transit systems with biological, radiological or chemical

agents. We plan to expand the deployment of the PROTECT chemical detection and emergency management system. This capability has been successfully prototyped in the Washington, D.C. Metropolitan Area transit system and will provide a significant and important chemical detection capability for other transit systems across the Nation.

We also now have a network of bio-sensors, but we will accelerate the development and deployment of next generation technologies that more quickly detect biological, radiological and chemical attacks.

(b) Strengthening Aviation Security. After 9-11, TSA was created to deny terrorists the opportunity to use aircraft as weapons and to defend our vital national infrastructure. Extraordinary progress has been made, but more remains to do. In aviation, our security and efficiency can be strengthened by better use of technology, both existing and next generation technologies.

Congress intended TSA to be almost entirely supported by user fees, but it is not. The Administration has proposed a modest increase in user fees to fund the infrastructure needed for this job. I believe travelers are willing to pay a few dollars more per trip to improve aviation security and enhance efficiency. I look forward to working with both Congress and the aviation industry to find a formula that will work. By collecting user fees for aviation, we can free up precious DHS resources for other important security priorities.

(c) Passenger Identity Screening. Too often, security screening for passengers at airports is frustrating. We are still dependent upon a pre-9/11 technology system to conduct the most elementary form of terrorist screening -- matching names against watch lists. Our job is to identify people at airports whom we already know and believe to pose a risk to aviation. Our existing watch list does identify threatening people, but it is not fully automated for aviation screening and it yields an unacceptably high number of false positives, which drains our security resources.

Getting this right is urgent. The short-term solution lies in enhancing our ability to screen individuals more precisely against named terror suspects, by utilizing more precise identifying information such as date of birth. That kind of system – being developed through our Secure Flight program – will limit cases where low risk travelers are selected for additional screening. It will dramatically reduce the number of cases where travelers are delayed for questioning simply because they may have the same name as someone on the watch list. But even this approach may not be complete, because it remains focused on only identifying already known high risk travelers.

Putting aside known risks, the more comprehensive and efficient passenger screening system that DHS must develop will give us the ability to automatically clear low-risk travelers. By clearing these low-risk travelers, TSA can reasonably focus on a smaller and more distinct pool of passengers that might pose a threat to aviation. The result: less frustration; faster service; better security. Better forms of screening will also promote privacy, because they will reduce the number of mistakes or unnecessary interventions that annoy travelers.

TSA's Registered Traveler and Secure Flight programs are keys to increasing the precision, reliability, and speed of identity screening for domestic air travelers. Equally important are improved protocols to screen inbound international airline passengers and expanded deployment of US-VISIT for overseas visitors. All these screening programs should be integrated so that screening is consistent and interoperable.

(d) (Supply Chain) Security Management. After 9-11, this country put in place vital measures intended to protect the global movement of marine cargo that touches our shores as it moves from origin to destination. U.S. Customs and Border Protection is screening all inbound containers and inspecting those that merit further scrutiny. Increasingly, screening and inspection are taking place at the port of departure overseas -- before cargo arrives here.

But we should not rest where we stand. I believe that we can gather, fuse and assess more complete data from the global supply chain to develop a more accurate profile of the history of cargo in a given container. Data about what cargo is moving from the initial point of shipping to the final destination will allow us to target risk better. With more informed targeting, we can more efficiently conduct inspections of cargo that is either high risk or unverified. This "Secure Freight" initiative will allow us to expedite large portions of the inbound that sustains our nation's economy, and focus with more precision on the unknown.

That brings us to inspections. We must enhance and speed inspections that we need to perform, so that we minimize freight delays and increase total inspection capacity. To this end, we must complete our deployment of radiation portal detectors at ports, while advancing research on more sophisticated non-intrusive detection protocols and equipment.

4. Information Sharing

The ability to share information with our international, state, and local partners, the private sector, law enforcement and first responders is absolutely critical to our success. Otherwise, we are effectively tying the hands of those who are on the ground and charged with the responsibility of protecting their community, their neighbors, and their families.

We recognize the need for better and more inclusive information sharing. Information sharing is a two-way street. Therefore, we will work with the White House Homeland Security Council and our federal colleagues not only to help forge common federal tools for information sharing, but also work with state and local officials – and private sector infrastructure owners – to fuse and share a richer intelligence base. In short, we will promote greater situational awareness.

5. DHS Stewardship

DHS must be a responsible steward of the public trust. Congress is justifiably making significant investments in homeland security, and that entails significant procurements at DHS. We must ensure that we carry out these procurements responsibly.

One of my very first acts as the new Secretary was to contact the Department's Inspector General and my Chief Procurement Officer and instruct them to evaluate DHS procurements and our contracting practices. I asked for suggestions regarding any needed changes -- and I've received just that. We will rely on these recommendations to make procurement integrity and efficiency a management focus throughout the Department's work.

We will also emphasize improving financial controls and financial systems, seeking operating efficiencies, strengthening human capital policies, and delivering core information technology systems. Last week's attack in London re-emphasized for me the need to act on another Second Stage Review recommendation: better integration and consolidation among the Department's multiple crisis management centers. We will do that.

DHS employees also deserve an organization that provides top-notch professional career training, an organization that actually enables individuals to broaden these experiences by working in other components of the Department without impeding their career paths. DHS should reward the strongest performers and team players. Our review has given us some specific recommendations for building this type of organization, and we will look forward to sharing more details with employees in the weeks and months to come.

6. DHS Structural Re-Alignment

I have concluded that some structural changes are needed at DHS to improve mission performance. Modest but essential course corrections regarding organization will yield big dividends. Most can be accomplished administratively – a few require legislation.

These organizational changes include four important areas of focus which include: (1) formation of a new, department-wide policy office; (2) significant improvements in how DHS manages its intelligence and information sharing responsibilities; (3) formation of a new operations coordination office and other measures to increase operational accountability; and (4) an important consolidation effort that integrates the Department's preparedness mission.

(a) Policy. We propose the creation of a central policy office led by an Under Secretary for Policy. This office also will bring together our international affairs staff, a significant and new strategic planning capability, DHS-wide policy development assets, a senior policy advisor focused on refugee asylum policies, and enhanced private sector liaison resources. Collectively, the Policy Directorate will strengthen the Department's ability to develop and plan vital policies. This office is not a new idea -- it builds in part upon the foundational work of the Border and Transportation Security policy staff, which is to be folded into the new policy directorate. Creation of a DHS policy shop has been suggested by Members of Congress, Secretary Ridge, and numerous outside experts. Now is the time to make this a reality.

(b) Intelligence. Systematic intelligence analysis lies at the heart of everything we do. Understanding the enemy's intent and capabilities affects how we operate at our borders; how we assess risk in protecting infrastructure; how we discern the kind of threats for which we must prepare to respond.

More than 10 components or offices of the Department of Homeland Security are intelligence generators, and all of us in the Department are consumers and appliers of intelligence. We need to have a common picture – across the Department – of the intelligence that we generate and the intelligence we require. We need to fuse that information and combine it with information from other members of the intelligence community as well as information from our state, local, and international partners.

DHS can also do a better job of sharing the intelligence we are gathering and the intelligence we are analyzing with our customers inside the Department, within the intelligence community, and with our frontline first responders at the state and local level.

Therefore, we will designate the Assistant Secretary for Information Analysis as the Chief Intelligence Officer. The Chief Intelligence Officer will head a strengthened Information Analysis division that will report directly to me. This office will ensure that intelligence is coordinated, fused and analyzed within the Department so that we have a common operational picture. It will also provide a primary connection between DHS and others within the intelligence community – and a primary source of information for our state, local, and private sector partners.

(c) Operations. Intelligence and policy mean little if not translated into action. Under our plan, all seven primary operational components will have a direct line to the Secretary, but -- to improve our ability to coordinate and carry out operations -- we will establish a new Director of Operations Coordination. The Director of Operations Coordination will work with component leadership and other federal partners to translate intelligence and policy into actions – and to ensure that those actions are joint, well-coordinated and executed in a timely fashion. The Operations Coordination director will manage DHS's hub for crisis management.

This integrating office will not disrupt our operators in the field, nor will it interfere with component chains-of-command. We do not aim to fix what already works.

(d) Preparedness. Finally, let me turn to the critical area of preparedness. The Department of Homeland Security has primarily been viewed as a terrorist-fighting entity. But, in fact, we are an "all hazards" Department. Our responsibilities certainly include not only fighting the forces of terrorism, but also fighting the forces of natural disasters.

To ensure that our preparedness efforts have focused direction, we intend to consolidate the Department's existing preparedness efforts -- including grants, exercises, and most training -- into a single directorate led by an Under Secretary for Preparedness. Going forward, FEMA will be a direct report to the Secretary -- but it will now focus on its historic and vital mission of response and recovery, the importance of which was illustrated powerfully as Hurricane Dennis made landfall this week.

The Preparedness directorate will continue to rely on FEMA's subject matter expertise and the expertise of our other components in promoting preparedness. It will also include our Infrastructure Protection division, as well as the U.S. Fire Administration, currently in FEMA, which will strengthen our linkages with the fire service.

Further, as part of our consolidated preparedness team, a Chief Medical Officer will be appointed within the Preparedness directorate. This position will be filled by an outstanding physician who will be my principal advisor on medical preparedness and a high-level DHS representative to coordinate with our partners at the Department of Health and Human Services, the Department of Agriculture and state governments. The Chief Medical Officer and his team will have primary responsibility for working with HHS and other Departments in completing comprehensive plans for executing our responsibilities to prevent and mitigate biologically based attacks on human health and on our food supply.

We also appreciate both the efficiencies and the vulnerabilities of the modern technology on which so much of our society depends. To centralize the coordination of the efforts to protect technological infrastructure, we will create the new position of Assistant Secretary for Cyber and Telecommunications Security within the Preparedness directorate.

Constantly Improving Our Efforts

The six areas of focus just described are all areas that will be priorities for the Department moving forward in the near term. They offer at least an initial roadmap of large categories of our activity for the months ahead.

We look forward to working with this Committee, other Members of Congress, our colleagues in the Administration, and our partners to ensure that this agenda for DHS can be implemented. And we will continue to roll out new thinking and specific solutions to the issues that directly affect our security and daily lives.

Of course we have not been idle while waiting for this moment. To the contrary, we have taken immediate steps to promote security in a commonsense and balanced way. Since my confirmation, for example, we have resolved a long-simmering dispute by supporting the placement of hazardous material warning placards on rail cars. We have also announced a plan to open Ronald Reagan National Airport to general aviation. And, we affirmed a strong and achievable implementation plan for the Visa Waiver Program that requires biometric technology standards for passports issued by program participant nations.

What is notable about these decisions is that they did not simply pile on security restrictions. Instead, we have modified or even relaxed security measures that were no longer necessary, where risk analysis warranted. After all, a balanced approach means that the balance moves down as well as up.

Moving forward, we will evaluate our decision making, strengthening security where needed, and eliminating unnecessary burden when possible. Yesterday, I announced two decisions that illustrate this approach.

In the former category, after extensive consultation with the Department of State and the Department of Justice, DHS has decided to strengthen our US-VISIT program. In the future, first-time visitors to the United States will be enrolled in the program by submitting ten fingerprints. Subsequent entries will continue to require a 2 print scan for

verification. This will dramatically improve our ability to detect and thwart terrorists trying to enter the United States, with no significant increase in inconvenience.

In the latter category, TSA will suspend the post-9/11 requirement that commercial airline passengers using Reagan National Airport in Washington must remain seated for 30 minutes after departure and before arrival. This 30-minute seating rule was a sensible measure when first applied. Now, almost four years later, significantly enhanced layers of security ranging from hardened cockpit doors to air marshals make it reasonable to eliminate this requirement.

Our work in protecting the homeland will always seek reasonable balance. Over time, as intelligence warrants and as progress allows, DHS will be open to change. We will be straightforward. If something goes wrong, we will not only acknowledge it, we will be the first to fix the error. But, we also will stand up and let people know when we've done things the right way or see a better way ahead.

Conclusion

This is an exciting time for our organization. Change brings opportunity – and after an historic first two years – our young Department continues to hold one of the most important roles in government – the safety and security of our nation.

We set these priorities for ourselves and make these adjustments to the Department in order to serve our mission, to protect our families, our fellow citizens, our visitors, and our homeland.

So, moving forward together, let us answer this call by building upon that which has been honorably founded these past two years at DHS. We will proceed with unyielding focus and quiet determination.

Once again, I thank this Committee for their constant support and valuable input, and I look forward to working with you as we move to put these changes into effect.

Thank you.

Questions For the Record
Senate Homeland Security & Governmental Affairs Committee
"Second Stage Review"
July 14, 2005
Secretary Michael Chertoff

Questions for the Record from Senator Susan M. Collins

1. In looking at the proposed end state in the organization chart released by the Department, there appear to be twenty-five direct reports to the Secretary and Deputy Secretary. These individuals have dramatically different responsibilities in terms of organization size and mission, though it appears they are all equal. In addition, you described some of these offices as tools for the Secretary to operate and manage the Department, yet those entities are not distinguished in the chart from operating agencies. Please explain why you propose that all of these entities be direct reports to the Secretary.

Response: The number of "direct report" offices included under this reorganization is consistent with the organizational structure of many other Federal departments and agencies, including the Departments of Defense, State, Treasury, Justice, Commerce, Interior, Energy, and Transportation. More importantly, the direct reports created by this reorganization will improve management of DHS resources by establishing a "flatter" organizational structure. By consolidating agencies with overlapping missions and eliminating middle-management layers, the Secretary and Deputy Secretary can exercise more immediate leadership over DHS' seven operational agencies, including TSA, CBP, ICE, FEMA, CIS, U.S. Secret Service, and U.S. Coast Guard. In addition, this new structure establishes direct reports for several offices with crosscutting responsibilities, including Policy, Preparedness, Operations Coordination, and Intelligence, allowing the Secretary to ensure a DHS-wide application of policy, operational, and intelligence leadership.

2. I am particularly interested in your proposal to create a Chief Intelligence Officer with a direct reporting chain to you. Under your plan, the current Assistant Secretary for Information Analysis would become the Chief Intelligence Officer. Also under your plan, the Information Analysis Office would separate from the Information Analysis and Infrastructure Protection Directorate and become a stand-alone entity. The Chief Intelligence Officer's direct reporting chain to the Secretary would be a significant factor in this new official having the power to integrate intelligence activities throughout DHS. But I believe that the Chief Intelligence Officer will also need specific authorities in order to achieve the degree of intelligence integration that is needed in the Department. These authorities could include: setting requirements and issuing tasking; establishing information technology, security, and personnel standards for DHS's intelligence offices; helping to determine those offices' budgets; and having a role in selecting those offices' senior leaders. Please explain what
authorities you believe are needed by the Chief Intelligence Officer in order to be successful in integrating intelligence activities throughout DHS.

Response: Following my Second Stage Review of the Department, I exercised my authority under Section 872 of the Homeland Security Act to designate that the Assistant Secretary of Intelligence and Analysis be the Department's Chief Intelligence Officer (CINT) and to create a more robust Office of Intelligence & Analysis. Shortly thereafter, Charlie Allen, a well-respected and seasoned intelligence official was appointed to carry out that important function.

Questions For the Record
Senate Homeland Security & Governmental Affairs Committee
"Second Stage Review"
July 14, 2005
Secretary Michael Chertoff

The Department's unique access to information, from our operational components to our robust relationships with our State, local, tribal, private sector partners, makes our enhanced contribution to intelligence collection, analysis, and dissemination critical as we move forward. To that end, the new Chief Intelligence Officer has been tasked with reaching across the Department to manage the integration of DHS intelligence activities. Likewise, the Department's components have been directed to work hand-in-hand with the Chief Intelligence Officer to ensure that he is best able to leverage, fuse, and analyze the Department's information and intelligence. I have also directed that the Chief Intelligence Officer serve as a primary connection between DHS and the Intelligence Community, and as a principal source of information for our key State, local, tribal, and private sector partners.

The Chief Intelligence Officer draws on two main streams of support to exercise authority over the intelligence offices in the DHS operating components.

First, the Chief Intelligence Officer uses the Homeland Security Intelligence Council (HSIC), which he chairs, as a key instrument for exercising authority over the DHS intelligence enterprise. The HSIC, a decision-making body that meets at least every other week, consists of the heads of the intelligence offices of the DHS operating components.

Second, the Chief Intelligence Officer exercises his oversight authorities in budgetary and personnel matters, with the support of the Department's Chief Financial Officer and Chief Human Capital Officer within the Office of the Under Secretary for Management. With respect to budget authority, overall DHS intelligence requirements, as defined by the Chief Intelligence Officer, will be coordinated with the Chief Financial Officer and the Under Secretary for Management to ensure they are accurately reflected in budget documents submitted to Congress. As an example of his budgetary authority, the DHS Integrated Planning Guidance for FY2008-2012 will include language from the Chief Intelligence Officer requiring components to provide programmatic detail and requested resource levels for their intelligence programs and activities, to include services, requested FTEs and requested budgets, so that he can review the proposed cross-Departmental capability of the DHS Intelligence Enterprise for FY2008-2012 and advise me as to whether this will meet the Department's and its customers' needs.

Let me also assure you that I meet with Mr. Allen regularly. He has my confidence and my ear. To the extent that requests for further authorities are made, I will consider them carefully.

3. Given the importance of intelligence integration and the major Department-wide role of the Chief Intelligence Officer, as well as the need to give the Chief Intelligence Officer a robust mission within the Intelligence Community, I am interested in knowing why you believe that the Chief Intelligence Officer does not need to be created and granted authorities in an authorizing statute. Is it not more appropriate for Congress to provide a statutory basis for the Chief Intelligence Officer, both to strengthen that new official and to clarify accountability?

Questions For the Record
Senate Homeland Security & Governmental Affairs Committee
"Second Stage Review"
July 14, 2005
Secretary Michael Chertoff

Response: As detailed in my answer above, I am confident that the new Chief Intelligence Officer already has the necessary and existing statutory authorities to execute this important function.

4. While the Department is trying to create an integrated and streamlined support service function, GAO and the DHS IG have reported that most of the critical support personnel are distributed throughout the Department's components, and they are not directly accountable to the functional chiefs: the chief financial officer, the chief information officer and the chief procurement officer and lack authority to manage the issues or resources in their respective portfolios on a Department-wide basis.

a. How do you plan to further integrate the support functions of the Department to increase efficiency and cohesiveness?

Response: The Line of Business Chiefs (CXOs), which represents each function within the Department, is empowered by management directives signed by the Secretary to develop and implement strategies for functional integration. Each functional chief is developing plans, focusing on FY06, that will lead each of their functions to the best model of integration for that function and that will enable the Department to further increase efficiency.

The goals established in both the Integration Management Directives and the FY05 Functional Integration Milestones capture the Department's functional integrations efforts to date – efforts that clearly are ongoing. The integration of each Line of Business (Administrative Services, Finance, Human Capital, Information Technology, and Procurement) will take different paths and may, in the end, result in the implementation of different integration models.

Additionally, an effort is nearing completion to establish a Management Directorate Strategic Plan. This plan will provide the overall vision and direction for the Directorate, aligning Management goals with those of DHS, and provide the structure for each of the CXOs to develop cascading goals for their functions. Each CXO is also establishing goals and milestones for FY06. These goals, as those established for FY05, will continue to move the Management Functions toward integration.

b. Do you believe these officers require additional authority to successfully accomplish this integration?

Response: At this time, the Department believes that the Chiefs are provided with the necessary authorities and capabilities to achieve integration.

5. Carrying out the corrective actions necessary to meet the broad array of operational challenges identified in 2SR will depend significantly on one of the Department's most critical assets - its workforce. Congress has been generous in granting DHS the flexibility necessary to accomplish its mission, and after two years of collaboration with the workforce, the initial group

of employees will be converted to the new personnel system later this summer. As 2SR moves to the next stage, do you foresee significant changes to the Department's approach to human capital management? Will 2SR result in any changes to the new personnel system?

Response: We do not expect 2SR to result in any changes to the Department's new human resource system, MAX^{HR}. We believe that the new system being developed will not only support the 2SR goals of driving improvement in DHS operations, fostering effective stewardship of resources, supporting a culture of achievement, and providing incentives to support effective leadership, but will be a major tool in meeting these goals through the emphasis on performance leadership and development of cascading goals within Department organizations.

6. In a June 21, 2005 DHS-IG review for your office, "Assessment of Department of Homeland Security's Procurement and Program Management Operations" the IG reported that the various procurement offices in DHS appear unevenly staffed. As GAO reported one outcome of understaffing in the Office of Procurement Operations is that the contracting staff have relied heavily on other agencies to handle contracting activity for DHS. GAO has reported (GAO-05-179) that controls were not in place to ensure that these interagency contracts were properly monitored. Do you agree that deficiencies exist within DHS's procurement offices and, if so, what plans do you have to correct the deficiencies?

Response: As I mentioned immediately after taking office, the integrity of the Department's procurement operation is a top priority. Before either the Inspector General (IG) or Government Accountability Office (GAO) reports, the Chief Procurement Officer (CPO) initiated an independent study to assess staffing levels throughout Departmental contracting offices. This study indicated that most of the contracting offices were staffed below recommended industry and government levels. This study, coupled with the GAO report, were in part the reason that I asked the IG to conduct an analysis of the DHS procurement program within weeks of my taking office. The Department has concurred with both the IG and the GAO reports. Internal resource adjustments have already taken place to increase the number of personnel in several of the component contracting offices.

7. The Homeland Security Act created DHS from some 22 agencies. Some of these agencies were taken apart and reassembled into new directorates or agencies while other agencies were absorbed into the department intact, such as the U.S. Coast Guard and U.S. Secret Service. In either case, many of the legacy agencies brought with them specific authorities, missions, operations, and assets (planes, boats, etc.) to be used for new DHS missions. I would like to solicit your views on the Department's progress in integrating the various legacy departments into a cohesive whole. Specifically, are we at the point where different operating agencies - for example Coast Guard, CBP, and ICE - are jointly planning their operations to integrate their activities and best utilize their collective assets?

Questions For the Record
Senate Homeland Security & Governmental Affairs Committee
"Second Stage Review"
July 14, 2005
Secretary Michael Chertoff

Response: Yes, we are at that point. We have some notable examples where our agencies have jointly planned operations, and with each day we are seeing better coordination between the DHS operating agencies. Improved coordination is especially important in support of the mission to prevent the entry of terrorists and their weapons into the United States and to control, manage, and secure our Nation's borders, including all of its ports of entry and between. DHS has taken and will continue to take prudent steps towards overcoming challenges in coordinating apprehensions, detention and removal efforts, interdictions and investigations, and coordination of intelligence activities.

It is precisely for this reason that I initiated a comprehensive Second Stage Review of the Department's organization, operations, and policies. Following that comprehensive review, I announced organizational changes to ensure that the Department is mission-focused, cohesive, flexible, and best-organized to secure the Homeland. To that end, several of the initiatives directly address the cross department coordination concerns that I noted: the creation of a DHS Policy Office, an Office of Operations Coordination and a more robust Information Analysis component.

The Office of Operations Coordination is a unified, Department-wide operations coordinating mechanism that permits the Secretary to translate policy and intelligence into immediate action across all of the Department's components. This new operational coordination office reduces stove piping and provides the Secretary with improved crisis and operational management tools. Each component with an operational element will be represented in the Office of Operations Coordination and will be responsible for helping coordinate the Department's response to the strategic matrix of threat, vulnerability, and consequence. We must approach critical problems like border security, interior enforcement, and counter-terrorism with an eye towards maximizing all of the Department's resources.

In addition, under this new plan, all seven primary operational components have a direct line to the Secretary. At the same time, we have eliminated Border and Transportation Security (BTS). At the outset, BTS was a very valuable and successful component of the Department of Homeland Security. We will use the lessons learned from BTS to take a Department-wide operational integration approach, through the new Director of Operations Coordination, who is working with all of the operational components' leadership and other Federal partners to translate intelligence and policy into actions – and to ensure that those actions are joint, well-coordinated, and executed in a timely fashion.

In conjunction with the Office of Operations Coordination, the implementation of a robust Policy Office will provide DHS with the capacity to think through broad, overarching issues that affect numerous components, better integrate policies and programs across the Department, and provide long-term strategic planning to better focus and guide the Department's operations. A function of this office will be the review, development and implementation of comprehensive policies to guide all department operations. These two new entities will ensure that we are able to increase operational effectiveness at the field level, strengthen border security and interior enforcement, and effectively reform immigration processes.

8. In your speech announcing the results of the Second Stage Review, you alluded to a change in the way the Department is utilizing the SAFETY Act. As you know, there has been great concern that the Department's initial implementation plan resulted in an under-usage of this tool, which provides liability protection to encourage the development of antiterrorism technologies. Can you detail the changes you envision making to improve the Department's implementation of the SAFETY Act?

Response: The Department is now in the final stages of developing an updated interim Rule which reflects extensive public comments and nearly two years of operational experience. We are sensitive to the calls to expeditious issuance of an updated rule. However, at this stage in the program, in which an ever increasing number of applicants are now receiving SAFETY ACT protections, we are sensitive to not interrupt the forward progress by proposing new policies and procedures that may be inadequate. At this time, Departmental leadership is reviewing proposed change to assure that they meet policy and operational requirements.

9. In your written testimony, you indicate that you will be appointing a Chief Medical Officer within the Preparedness Directorate as part of the consolidated preparedness team. You further note that this individual will serve as your principal advisor on medical preparedness, and will also be responsible for coordinating with DHS partners at the Department of Health and Human Services and other Departments. Will this individual also have direct responsibilities for programs within DHS – for example, the National Disaster Medical System (NDMS), which is responsible for coordinating the federal medical response to major emergencies and national disasters, and now operates under FEMA, or the Metropolitan Medical Response System (MMRS), which is now managed by the Office of State and Local Government Coordination and Preparedness (SLGCP) and which provides funding to 114 metropolitan regions to plan for, and respond to, medical emergencies?

Response: The DHS Chief Medical Officer will serve as the principal advisor to the Secretary for medical issues within the Department. The office will be located in the Preparedness Directorate, but the CMO will have coordinating responsibility across the entire Department, initially by building a network of all Department medical assets. The CMO also is responsible for coordination of medical issues with other Departments and agencies and the White House. Our view of preparedness includes the preparation for consequences of catastrophic incidents, many of which are medical in nature, which is one of the principal reasons for standing up the Office of the CMO. This preparation would include full engagement with State and local authorities, associations of medical professionals, and other stakeholders that deal with medical consequences of natural disasters or terrorist attacks. The CMO will not have direct responsibility for NDMS, which will remain under the supervision of a Chief Medical Officer provided by the Public Health Service to direct its activities. The DHS CMO, however, will provide the needed coordination between the NDMS and HHS' Office of Public Health Emergency Preparedness, the CDC, and the Public Health Service. Similarly, the Metropolitan Medical Response System (MMRS), currently housed in the Office of State and Local

Government Coordination and Preparedness, will move to the Preparedness Directorate but remain a distinct entity from the DHS CMO. We expect complete integration of the activities of the MMRS with other entities within the Preparedness Directorate, such as the CMO (including standards and protocols, training and outcome measures for the metropolitan areas' response to medical disasters).

10. One of FEMA's most important response capabilities is disaster relief funding. These dollars help individuals, states and localities recover from disaster-related damage that is beyond their means to pay themselves. Also tied to the recovery effort are disaster mitigation dollars designed to reduce future costs of disasters distributed under the Hazard Mitigation Grant Program. The Hazard Mitigation Grant Program is allocated as a percentage of funds awarded after a disaster, while the Pre-disaster Mitigation Program is a competitive grant program. These are both important programs that result in saved human lives and taxpayer dollars. But mitigation programs are, by definition, a preparedness and not response effort. Will the two FEMA mitigation programs be transferred to the new operational FEMA or will they go to the Preparedness Directorate?

Response: The Hazard Mitigation Grant Program and the Pre-Disaster Mitigation Competitive Grant program are both part of FEMA's Mitigation Division and will remain there. The Mitigation Division is a major operational unit within FEMA commensurate with the Response and Recovery Divisions. While the purposes of Mitigation and Preparedness seem very similar they are not the same in practice. Mitigation means changing conditions and behavior to prevent potential disaster losses. The focus is on prevention of damage to property before an event rather than protection or response during the event. Mitigation is achieved through effective management of the risk by identifying the hazard(s), assessing the impact, and implementing an effective strategy to reduce potential impacts. The majority of mitigation projects are focused on limiting property losses, not preparing responders. For flood hazards, Mitigation also manages the National Flood Insurance Program, which makes flood insurance available as a means of minimizing or preventing the potential economic impacts from any remaining risks.

11. In the proposed new Directorate for Preparedness you would have six components. Prepared materials provided to the Committee indicate that three components will be headed by assistant secretaries including a new Assistant Secretary for Cyber security. The materials do not indicate what level of leadership you envision for the Fire Administration. America's fire and emergency service consists of approximately 30,000 fire departments staffed by 1.1 million career and volunteer firefighters. The fire service responds to 22 million calls each year that result in life and death situations for millions of Americans. Given the importance of our firefighting community to the security and preparedness of our homeland, do you believe it would be appropriate for the fire administration to be staffed at the Assistant Secretary level confirmed by the Senate?

Response: Under the "United States Fire Administration Reauthorization Act of 2003," Public

Law Number 108-169, the Administrator of the United States Fire Administration was re-established as a Presidentially appointed and Senate confirmed position. At this time, we do not find it necessary to change this title. The Administrator will report to the Under Secretary for Preparedness under the new structure.

12. This Committee has worked extensively on the issue of cargo and maritime security. In your speech, you announced the "Secure Freight" initiative, though few details have been provided.

a. Please describe what the Secure Freight initiative entails and outline any milestones for its implementation.

Response: Through the Secure Freight Initiative, DHS will capitalize on the energy and capabilities of the private sector to improve data collection and risk assessment related to international cargo transportation. The Secure Freight Initiative, at its core, aims to substantially improve the quality, quantity, and accuracy of data concerning all aspects of the global movement of goods, and the Department's utilization of that data to assess risk and modify operational activities to reduce the vulnerabilities the exist across the supply chain. As the initiative is still in the developmental process, the Department has not established any milestones.

b. Who will be responsible for moving ahead on the Secure Freight initiative?

Response: My office will oversee the development of the Secure Freight initiative as an integrated, departmental initiative. Specifically, under my supervision, the initiative will include CBP, USCG, the Policy Directorate, and other federal partners with equities in supply chain security. In addition, given the emphasis on private sector and non-governmental involvement, the Department will seek to work collaboratively with all entities involved in the global movement of goods.

13. The President's budget request proposed the consolidation of several screening and credentialing programs within the Screening Coordination Office (SCO). The proposed end state for the Department retains this office, though neither the House or Senate passed appropriations bills have allocated funding for the SCO.

a. What do you envision as the responsibilities of this office?

Response: The Office of Screening Coordination and Operations (SCO) will enhance the interdiction of terrorists and the instruments of terrorism by streamlining screening methodologies. The SCO would be responsible for:

- Enabling consistent, effective, and efficient day-to-day operations through the applications of standards and use of common services
- Assisting in the development of policy for DHS-wide screening and credentialing programs
- Creating an integrated strategy for DHS screening and credentialing programs that enhances security, facilitates travel, and safeguards privacy
- Managing investments of screening and credentialing programs to ensure efficient use of assets
- Removing technological barriers to sharing screening information
- Enabling consistent status reporting of major screening and credentialing programs
- Ensuring that consistent acquisition/contracting and program management processes/disciplines (e.g. earned value management) are applied
- Establishing a central clearinghouse to administer registered traveler programs and worker credentialing programs
- Delivering clear and consistent messages to domestic and foreign travelers and workers for increased compliance with the law
- Working with other Federal agencies to improve and coordinate screening standards.

b. Will the US-VISIT program, Secure Flight or any other programs be managed from that office?

Response: At this time, the SCO will not directly oversee these programs.

Questions for the Record from Senator Pete V. Domenici

1. Last week I visited Southern New Mexico, which is home to three of America's land ports of entry. Much of my visit focused on border issues, including increasing illegal immigration activity in New Mexico, destruction of private property by illegal immigrants, and the recent New Mexico minutemen patrols. I believe that increasing the number of agents patrolling our international borders will help with each of these issues. Last year's legislation that reorganized our intelligence community called for a significant increase in border patrol agents, and the Senate Homeland Security bill includes funds to hire an additional 1000 agents in FY2006. Did your review determine where placing these agents would be most beneficial?

Response: U.S. Customs and Border Protection (CBP) has determined that it would be most beneficial to station the majority of agents graduating from the Border Patrol Academy in El Paso, Tucson, or the Yuma Sector.

- Do you have an idea of how long it will take to recruit, train, and place these agents in the field?

Questions For the Record
Senate Homeland Security & Governmental Affairs Committee
"Second Stage Review"
July 14, 2005
Secretary Michael Chertoff

Response: The Department is committed to recruiting, training, and placing agents in the field as efficiently as possible, while maintaining the integrity of the process.

TRAINING & PLACEMENT: New recruits complete an Academy curriculum of approximately twenty weeks. Additionally, these officers also undergo post-Academy training in which they are instructed in Spanish and the law. New recruits continue their probationary period, after which they are tested on these subjects at 7 and 10 months. Formalized training is concluded upon successful completion of the law and Spanish exams and these agents then begin a regular work schedule.

RECRUITMENT: The amount of time it takes to recruit new agents will vary depending on the number of applicants that successfully complete the background investigation, medical exam, fitness test, and drug screening or withdraw their name from consideration. The most recent CBP study found that eighty percent of applicants do not complete the process.

- How many more total agents would you like to hire?

Response: DHS is committed to hiring the amount of agents funded each year. The additional resources appropriated to border control in the FY 2006 bill is appreciated.

2. I am a long-time supporter of the use of Unmanned Aerial Vehicles (UAVs) in our security efforts. My knowledge of, and support for, these tools stem largely from New Mexico State University's UAV validation and test facility, which is sponsored by the Department of Defense. In last year's intelligence reform bill, I called for the Department of Homeland Security to develop a plan for using UAVs on America's southwest border. Where are you in developing this plan?

Response: The Southwest Border Surveillance Plan by Remotely Piloted Aircraft is in final review. The Plan will be submitted to Congress after the conclusion of Department and Office of Management and Budget review.

- What has your review uncovered regarding the use of UAVs for securing remote areas of our borders?

Response: CBP's operational evaluations of UAVs have demonstrated that, in the proper environment, and when used with other border enforcement tools as part of an integrated system, UAVs have the potential to be effective. UAVs are most effective when used in conjunction with other sensing and detection technology, infrastructure, and rapid response capability, and with border patrol personnel. DHS is continuing to evaluate the most optimal use of UAVs to fulfill DHS' long-term border enforcement strategy.

- Did your review consider where stationing the Department's UAVs would be most beneficial?

Questions For the Record
Senate Homeland Security & Governmental Affairs Committee
"Second Stage Review"
July 14, 2005
Secretary Michael Chertoff

Response: Yes, DHS did consider where stationing UAVs would be most effective. As part of this review, CBP conducted operational evaluations of UAVs on the Southwest Border and, as a result of this review; the Arizona Border was identified as the area where UAVs would be most effective. CBP's determination to use UAVs along the Arizona Border was premised upon such factors as the relatively favorable local weather conditions, the largely unoccupied terrain to be patrolled, and the area where the most illegal cross-border traffic is occurring.

- Are you amenable to working with the Department of Defense on UAV technology and use?

Response: DHS is working closely with the Department of Defense (DOD) in the area of UAVs. DOD is an active member of the DHS UAV Executive Steering Committee that supports and advises me in all aspects of DHS UAV policy and activities. DOD has provided contract vehicles for DHS for the lease of UAVs for evaluation and support in many forms to DHS UAV operations. DHS will continue to work with DOD in UAV technology development and use.

DHS is open to continuing to work with DOD on UAV and other enforcement issues

- What other new technologies might we deploy to help control our borders?

Response: Within DHS, the Science & Technology (S&T) Directorate is working closely with operating agencies in the development of new technologies to improve the security of our borders. In addition to UAVs, some of the technologies include ground radars, automatic target recognition algorithms, language translators, improved ground sensors, data fusion systems, Common Operational Picture, improved data access systems, blue force tracking and officer safety enhancements.

3. Many federal law enforcement officers have received some great training at the Federal Law Enforcement Training Center in Artesia, New Mexico (FLETC-Artesia). The training facilities in Artesia are truly fantastic: we have three grounded aircrafts for training Air Marshals and Federal Flight Deck Officers, railroad cars for Border Patrol Agents to practice rail searches, both on- and off-road vehicle courses for federal agents to learn driving techniques, and many other real-life training experiences. I am very pleased with what has been done in Artesia to adequately equip the men and women who train there, and I look forward to working with you to improve the training those agents receive.

- Has your review yielded ways that FLETC-Artesia can better serve the Department?

Response: The FLETC - Artesia facilities are among the very best law enforcement facilities anywhere. It is a compliment to you and the Congress for the generous support provided over the last decade or more to make Artesia a reality. One of the reasons Customs and Border Protection elected to consolidate the entire Border Patrol agent training into Artesia was the

exceptional facilities and environment for conducting that type of training. The Department anticipates that full use will be made for entry level, advanced, in-service and specialized Border Patrol training along with other Transportation Security programs, such as the Flight-Deck Officer training. As additional training requirements emerge, the Department will certainly consider the valuable resource available in Artesia.

- What have you discovered about the different roles our Federal Law Enforcement Training Centers play?

Response: The mission to train Federal law enforcement officers continues to evolve following the tragic events of September 11, 2001. With heightened emphasis being placed on securing the homeland, there is a greater realization that FLETC's four centers -- Artesia, New Mexico, Cheltenham, Maryland, Charleston, South Carolina and Glynco, Georgia -- can effectively serve both the traditional Federal training needs as well as the special requirements now associated with combating terrorism at home and abroad. The existence of multiple sites for training is not a step back from the principle of consolidated training established with the creation of FLETC. There is now more than ever the need for cooperation and understanding between and among law enforcement agencies and training is the foremost vehicle for achieving a more integrated law enforcement workforce.

Each of the FLETC centers offers both training facilities and programs that are common to all law enforcement officers, but also these centers can cater to very specialized training without unnecessary duplication. For instance, the Artesia center permits basic training for Border Patrol, Bureau of Indian Affairs personnel and others, but also has the unique facilities to conduct Federal Air Marshal and Flight Deck Officer training. Cheltenham was designed to primarily provide in-service and refresher training for officers from all Federal agencies and the Metropolitan Police Department of the District of Columbia. The Glynco site presents the capability to do the largest amount of basic training for most of FLETC's 82 partners, but also is developing an increased emphasis on advanced training through specialized counter terrorism and scenario-based programs. The Charleston site already is home to the Coast Guard's maritime law enforcement program and is likely to serve as a site for surges in training workload that occur periodically and can't be met at other sites. The multiple centers available under FLETC are expected to complement each other as training needs emerge.

- How can the different facilities better interact to improve the training our federal agents receive?

Response: Because the FLETC training centers are organized under the consolidation of training concept, there is an inherent opportunity to capitalize on delivering training that can be shared among many potential users. FLETC long has used a systematic approach to program development that fosters identifying new critical training as well as refreshing or updating on-going programs. Several means are employed to gauge the program, staff and facility requirements of partner organizations. With the cooperation of its partners, FLETC can adapt flexibly and quickly in response. One of the vehicles used is the constant dialog between

FLETC and its customers and among the three satellite directors, all of whom report to the Assistant Director for Field Training. This permits FLETC to continuously assess its capabilities against real needs, practice restraint in the possible duplication of facilities and costs, and to use each center to its best potential. The Department expects that FLETC will only further improve upon efficiencies and quality of available training over the long term as each center, particularly the newer ones in Charleston and Cheltenham, mature in their operations.

4. The Department's leadership in developing innovative tools and technologies to protect our nation is one of the most important roles the Department plays. However, it is imperative that the Department work with others in this effort. Collaboration with universities and other federal agencies is imperative. Additionally, with so many groups working on developing new technologies, it may prove difficult to select the best technologies available. I believe an effort to share research and information will help each directorate within the Department of Homeland Security utilize the best technologies.

- Have you reviewed ways to most effectively integrate and leverage existing research efforts and capabilities to ensure that the best technologies available are utilized throughout the Department of Homeland Security?

Response: Over the last year, the S&T Directorate developed and documented a robust Research, Development, Testing, and Evaluation (RDT&E) process. The goal of the RDT&E process is to provide a clearly defined, repeatable method for assessing needs and risk, planning, allocating resources and executing programs to produce high-impact, cost-effective and critically needed homeland security technology solutions.

As developed, the S&T Directorate's RDT&E process uses a risked-based approach to planning and identifies critical capability gaps before attempting to identify or develop technology solutions. In developing solutions, the process engages the end-user throughout requirements definition, development, testing and transition. The process considers the product life cycle from the outset, including planning and budgeting for production, deployment, operations and support. It is this process which allows us to prioritize both within and across fields.

The S&T Directorate also maximizes and leverages the existing capability base of the national laboratory complex. The Directorate engages all the national laboratories, on a case-by-case basis, to tap into unique technical expertise that is critical to accomplishing portfolio objectives and goals. The Directorate relies upon national laboratory technical experts as needed throughout the RDT&E processes based on their years of experience applying technologies and processes to field applications. This technical and practical expertise is used to accelerate spiral development of technologies for transitioning capabilities to operational end-users.

With respect to the academic community, the S&T Directorate collaborates with academia through the Centers of Excellence program and its associated Integrated Network of Centers, which is establishing a national network of affiliated universities. Additionally, the S&T

Directorate has a sizeable number of interactions and programs with individual universities on specific research topics and needs.

- Under your leadership, how will the Department's various directorates collaborate with academia, industry and federal agencies?

Response: The S&T Directorate collaborates with academia through the Centers of Excellence program and its associated Integrated Network of Centers, which is establishing a national network of affiliated universities. Additionally, the S&T Directorate has a sizeable number of interactions and programs with individual universities on specific research topics and needs.

The S&T Directorate solicits proposals from industry and uses a full range of contracting vehicles and its authority under the Homeland Security Act to engage businesses (large and small), federally funded research and development centers, universities, and other entities in development of advanced technologies for homeland security. The contracted research and development work now underway is the S&T Directorate's main form of collaboration with industry and academia.

The S&T Directorate works with the Office of Science and Technology Policy, the Homeland Security Council, the National Security Council, the Office of Management and Budget and the Office of the Vice President to help coordinate homeland security research and development across the entire United States government. This encompasses homeland security research and development being conducted by the Departments of Agriculture, Commerce, Defense, Energy, Justice, Health and Human Services, State, and Veteran's Affairs; within the National Science Foundation, the Environmental Protection Agency and other Federal agencies; and by members of the Intelligence Community. Through interagency working groups, the S&T Directorate collaborates with these and other Federal partners to help identify related needs and requirements, conduct research and development of mutual benefit, and avoid duplication of effort.

Questions for the Record from Senator Thomas R. Carper

1. Since the London bombings, you've mentioned the amount of money available in state and urban area grants that recipients can use to secure rail and transit systems. I always assumed the grants you were referring to were intended to be used to purchase much-needed equipment for first responders and to conduct training and exercises. Do you know how many states and localities are actually spending this money on rail and transit security enhancements?

Response: Since September 11, 2001, the Department has awarded more than $8.3 billion in assistance through the State Homeland Security Grant Program and the Urban Area Security Initiative (UASI), of which funding can be applied to the purchase of equipment for the prevention and detection of attacks on transit systems. These funds also can be used to support exercises that test State and local emergency prevention and response to terrorist events, as well

as training designed to develop proficiency in preventing and responding to terrorist acts. Data from the FY04 Biannual Strategy Implementation Report, which captures how States are spending their homeland security funds, indicates that 23 States directed more than $34 million toward transit-related security projects. Further, initial FY05 data from 39 States indicates that they plan to devote more than $5.7 million for transit security-related projects.

- Are recipients even permitted to spend their first responder grants on some of the capital projects, such as the tunnel work in New York that Amtrak is undertaking that might be a part of securing a rail or transit system?

Response: The FY05 Department of Homeland Security Appropriations Act, Public Law Number 108-334, restricts the use of Office of State and Local Government Coordination and Preparedness (SLGCP) funds for construction. The appropriations act only allows the expenditure of State Homeland Security Grant Program, Urban Areas Security Initiative, and Law Enforcement Terrorism Prevention Program funds on minor perimeter security construction projects not exceeding $1 million. As such, SLGCP funds cannot be used for major construction projects. We have generally supported this limitation so that grantees will devote these resources to enhancing their equipment and training, which are generally the greatest deficiency faced by our nation's responders.

2. The Department of Homeland Security has been working on a five-year plan outlining how it would secure all transportation modes. When do you expect to have that plan completed? Will this include some basic standards regarding security needs at transit and rail stations and minimum staff training requirements?

Response: The Intelligence Reform and Terrorism Prevention Act of 2004 (IRTPA) (Pub.L. 108-458) requires the Department of Homeland Security (DHS) to develop, jointly with the Department of Transportation, a National Strategy for Transportation Security (NSTS). This document, which defines an overarching transportation security strategy, uses a threat-based, risk-managed approach to transportation security, looking at threat, vulnerability and consequence in each of the six transportation modes, including transit and rail. The NSTS establishes a list of asset categories determined to be at greatest risk. The resulting asset categories and their corresponding security priorities form the basis of security plans for each mode. The NSTS also discusses the roles and missions of the Federal, State, regional, and local authorities, and the private sector, in response to an attack that has occurred, as well as research and development objectives for the transportation sector. The NSTS identifies the improvement in employee awareness training and the continuing development of performance-based standards as security priorities for transit and passenger rail. On April 5, 2005, Deputy Secretary Jackson sent a letter to Congress stating the NSTS would be delayed in order to draw together and refine multiple related planning activities. The NSTS was submitted to Congress on September 9, 2005.

3. Immediately after they learned of the London bombings, Amtrak officials and transit agencies across the country quickly and visibly stepped up security in their systems in order to reassure riders and to ensure that similar attacks wouldn't be carried out here. I believe much of this was done even before the department raised the threat level for the transit sector.

- How did the department communicate with Amtrak, transit agencies and other local officials on the day of the attacks?

Response: TSA's Transportation Security Operations Center (TSOC) received the reports about the London explosions from the Homeland Security Operations Center (HSOC) in the early morning hours of July 7 and 21. In both instances, the TSOC alerted TSA executive leaders who activated the Transportation Incident Management Group (TIMG). The TSOC then alerted AMTRAK and all the major metropolitan transit authorities of the incident and obtained primary points of contact from them for the purpose of sharing additional information, intelligence and direction from DHS. These communications all occurred between the hours of 4:30 a.m. and 6:00 a.m. EDT. In addition, TSA executive leadership consulted with a variety of government officials (and particularly with leadership of the DOT/FTA) and key stakeholders, including Amtrak, to ensure a coordinated response. TSA held joint teleconferences with DOT and with the major transit agencies in the aftermath of both London attacks. In addition, I and other DHS leaders spoke with the State and local leaders from New York, Maryland, Virginia, and the District of Columbia.

In the field, TSA's surface transportation inspectors deployed to the operations centers of the major railroads and transit systems across the Nation to assess security posture and facilitate protective actions. In a joint effort with TSA, the Federal Railroad Administration (FRA) safety inspectors provided exceptional support and assistance in this effort with the railroads, deploying resources the morning of July 8. Additionally, TSA canine resources made contact with and supported over 56 mass transit systems that are co-located with airports. This collective effort leveraged the assets, expertise, and carefully fostered partnerships of Government and industry stakeholders to increase our situational awareness.

- Do you have a system in place to share threat information with them during an emergency or to give them guidance, based on your knowledge of the threat, as to what kinds of security measures to take?

Response: Yes. See the answer to Q02675 above. In addition, TSA and FTA contacted the largest transit agencies on July 7, to determine the security efforts undertaken in reaction to the London attacks. That survey gave DHS/DOT an awareness of the state of security measures implemented throughout these systems.

4. Lacking any federal guidance, some municipalities have passed or are considering passing their own rules and regulations governing the transport of hazardous materials through their

jurisdictions. Some of the laws have been challenged in court, such as the one here in Washington, DC. What do you think will be the ramifications of such a piecemeal approach?

Response: The Federal government's regulation of hazardous materials transportation is extensive and comprehensive, and DHS has consistently stated that Federal law preempts State and local laws governing the transportation of hazardous materials. TSA/DHS have a statutory mandate under the Aviation and Transportation Security Act (ATSA) (Pub.L. 107-71), the Homeland Security Act (Pub.L. 107-296), and other relevant statutes to secure the transport of hazardous materials and TSA/DHS's past and ongoing efforts in this area support our assertion of Federal preemption. Through the Federal Railroad Safety Act (FRSA), 49 U.S.C. 20101, *et seq.*, and the Hazardous Materials Transportation Act (HMTA), 49 U.S.C. 5101, *et seq.*, the Government, principally through DHS and DOT, regulates the security and safety of hazardous materials transported by rail and by highway. The HMTA and the FRSA specify that DOT regulation in these areas preempts conflicting or incompatible non-Federal regulation. The FRSA also provides that regulation by DHS in the area of security similarly preempts legislation by non-Federal authorities.

DHS and DOT have been working on various initiatives that support the development of a national risk-based plan to address the shipment of hazardous materials by rail and truck. TSA/DHS believes that security efforts would not be well served if States or municipalities are permitted to impose their own laws controlling hazardous material transportation. Once a State or municipality begins to do so, other jurisdictions would be encouraged to enact their own measures that are likely to be inconsistent or conflicting. This would create an unmanageable regulatory nightmare for industry. Most hazardous materials shipments travel between at least two states (not to mention the number of municipalities) meaning each shipment could be subject to at least two different legal regimes. Also, most hazardous materials shippers are national companies, meaning they would be required to develop business practices to comply with the patchwork of laws developed by all the states and localities—an expensive and complicated proposition, which could ultimately be detrimental to the safety and security of the shipments.

- Is the department planning to provide any guidance or recommendations as to how the transportation of hazardous materials should be handled in terms of notifying local officials and protecting sensitive areas?

Response: Rail carriers have, in place, a process through which local officials on the types and quantities of hazardous materials that are transported by rail through a community in a given timeframe. This process provides local officials with information necessary to make appropriate planning and training decisions for hazardous materials transported through their community by rail. This same information has been made available to DHS and TSA for the purpose of assessing risk and developing appropriate mitigation strategies. DHS and TSA will continue to work with rail stakeholders and local government officials on this issue of increased domain awareness.

Memorandum July 12, 2005

TO: Honorable Susan Collins
Attention: Michael Bopp

FROM: Shawn Reese
Analyst in American National Government
Government and Finance Division

SUBJECT: S. 21 State Allocations

This memorandum responds to your request for a table depicting the minimum state allocations proposed in S. 21. Specifically, you requested the table to depict the states guaranteed 0.55% of total appropriations and the states guaranteed a population and population density sliding scale allocation based on $1.918 billion proposed in the Senate reported H.R. 2360 for state and local assistance and law enforcement terrorism prevention.

The guaranteed base allocations and the state allocations determined by the population and population density sliding scale together would account for 40% of the total appropriation. The remainder would be available for allocation to states and metropolitan regions based on risk criteria identified in the bill (Section 1804(f)(2)-(3)). Population and population density are sometimes considered to be surrogates for risk variables. S. 21 speaks of population and population density, which the Homeland Security Secretary is to consider in determining the risk-based portion of appropriated funds. Under the provisions of S. 21 they also figure in the determination of sliding scale allocations, which the bill treats separately from the pool of funds available for risk and vulnerability based allocation by the Secretary of Homeland Security.

I trust that this information meets your needs; please contact me at 7-0635 if you have further questions.

Table 1. S. 21 Guaranteed State Allocations
(All amounts in millions)

State	State Amounts Choosing 0.55% Guaranteed Base Allocations	State Amounts Choosing Population and Population Density Sliding Scale Allocations[A]
Alabama	$10.55	—
Alaska	$10.55	—
Arizona	$10.55	—
Arkansas	$10.55	—
California	—	$57.59
Colorado	$10.55	—
Connecticut	—	$13.82
Delaware	$10.55	—
Florida	—	$30.38
Georgia	—	$15.29
Hawaii	$10.55	—
Idaho	$10.55	—
Illinois	—	$22.12
Indiana	—	$11.57
Iowa	$10.55	—
Kansas	$10.55	—
Kentucky	$10.55	—
Louisiana	$10.55	—
Maine	$10.55	—
Maryland	—	$15.15
Massachusetts	—	$19.39
Michigan	—	$17.55
Minnesota	$10.55	—
Mississippi	$10.55	—
Missouri	$10.55	—
Montana	$10.55	—
Nebraska	$10.55	—
Nevada	$10.55	—
New Hampshire	$10.55	—
New Jersey	—	$27.03
New Mexico	$10.55	—
New York	—	$34.17
North Carolina	—	$15.11
North Dakota	$10.55	—
Ohio	—	$28.80
Oklahoma	$10.55	—
Oregon	$10.55	—
Pennsylvania	—	$22.21
Rhode Island	—	$13.75
South Carolina	$10.55	—
South Dakota	$10.55	—
Tennessee	—	$10.70
Texas	—	$35.40
Utah	$10.55	—
Vermont	$10.55	—
Virginia	—	$13.61

CRS-3

State	State Amounts Choosing 0.55% Guaranteed Base Allocations	State Amounts Choosing Population and Population Density Sliding Scale Allocations[A]
Washington	—	$10.58
West Virginia	$10.55	—
Wisconsin	$10.55	—
Wyoming	$10.55	—
DC	$10.55	—
Puerto Rico	$6.71	—
U.S. Virgin Islands	$1.05	—
Guam	$1.05	—
American Samoa	$1.05	—
Northern Marianas	$1.05	—
Total	**$348.51**	**$414.22**
Percentage Allocated	18%	22%
Remainder to Be Allocated Pursuant to Section 1804(f)(2)-(3)		$1,155.27
Total		**$1,918.00**

[A] In FY2005, DHS used the criteria of population, population density, critical infrastructure, and risk assessments for Urban Area Security Initiative allocations.

July 14, 2005

Honorable Frank Lautenberg
United States Senate
324 Hart Senate Office Building
Washington, D.C. 20510

Dear Senator Lautenberg:

I am pleased that Shawn Reese of our Government and Finance Division has been working with you and members of your staff on Homeland Security issues for quite some time, and hope that you have found his collaboration both useful and informative.

Earlier this week, during Senate floor debate on the Department of Homeland Security Appropriations Act, comments were made which could be interpreted as calling into question the accuracy of a recent CRS analysis done for you concerning funding allocations for S. 21. We have reviewed the calculations that underlay the data presented in the memorandum to you dated July 8, 2005, and have confirmed their accuracy.

I want to assure you and your staff that CRS at no time shared that memorandum or its contents with anyone. As is strict CRS confidentiality policy, when asked about it by those who had heard reference to it from other sources, we merely referred all such requesters to your office.

I trust that you will continue to turn to CRS for assistance on Homeland Security issues and any other legislative issues that you address. If there are any issues regarding this matter that you would like to discuss, please do not hesitate to call me directly (7-7851).

Sincerely,

Daniel P. Mulhollan
Director

Memorandum July 8, 2005

TO: Honorable Frank Lautenberg
Attention: David Garten

FROM: Shawn Reese
Analyst in American National Government
Government and Finance Division

SUBJECT: "Guaranteed" Base Homeland Security Grant Amounts in S. 21 and Senate Reported H.R. 2360

This memorandum responds to your request for information on homeland security grant base amounts that would be distributed in FY2006 to the states, U.S. possessions, and territories ("guaranteed amounts") in S. 21, as reported by the Senate Homeland Security and Governmental Affairs Committee on May 24, 2005, and H.R. 2360, as reported by the Senate Appropriations Committee on June 16, 2005. Specifically, you requested a chart (see **Table 1**) that depicts allocations to the states, U.S. possessions, and territories assuming an appropriation of $1.918 billion, the amount recommended by the Senate Appropriations Committee in H.R. 2360, and you requested the percent of funds that S. 21 and H.R. 2360 would allocate for such base amounts, as well as the percent that would remain to be allocated through risk assessments conducted by the Department of Homeland Security Secretary. The first column of **Table 1** depicts S. 21 base amount allocations, and the second column depicts H.R. 2360 allocations. Additionally, you requested a third column to the chart depicting a 0.25% guaranteed base.

H.R. 2360. Of the $1.918 billion appropriated in H.R. 2360 ($1.518 billion for state and local grants and $400 million for law enforcement terrorism prevention grants), $580 million would be distributed through the same distribution process applied in FY2005.[1] From the total of $580 million, each state, DC, and Puerto Rico would receive $10.86 million, and each U.S. possession and territory $3.62 million. After the distributions, roughly $1.3 billion would be available to be distributed through the risk assessment process.

S. 21. The bill would allow states, U.S. possessions, and territories to select either of two options that yields the highest funding level. First, funds would be divided among the states, the District of Columbia (DC), and U.S. possessions and territories as follows: Puerto

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[1] In FY2005, $425 million in state and local grants and $155 million in law enforcement terrorism prevention grants was distributed in formula-based grants.

Rico and specified U.S. possessions and territories 0.055%; these total 28.62%. Second, states could alternatively choose to receive an amount based on a "sliding scale baseline allocation" calculated by multiplying 0.001 times (1) a state's population ratio and (2) a state's population density ratio.[2] After the funds are distributed ($763 million as shown in **Table 1**), the remainder is distributed through the risk assessment process, with a maximum of 50% to be distributed to high-threat urban areas, and the remainder to the states.

I trust that this memorandum meets your needs; please contact me at 7-0635 if you need further information.

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[2] Section 1801(7) of S. 21 sets out the alternatives as follows: (A) the value of a state's population relative to that of the most populous of the 50 states, where the population of the 50 states has been normalized to a maximum value of 100; and (B) one-fourth of the value of a state's population density relative to that of the most densely populated of the 50 states, where the population density of the 50 states has been normalized to a maximum value of 100.

Table 1. S. 21 and Senate Reported H.R. 2360 Guaranteed Base Amounts
(All amounts in millions)

State	S. 21	Senate Reported H.R. 2360	0.25% Base
Alabama	$10.55	$10.86	$4.80
Alaska	$10.55	$10.86	$4.80
Arizona	$10.55	$10.86	$4.80
Arkansas	$10.55	$10.86	$4.80
California	$57.59	$10.86	$4.80
Colorado	$10.55	$10.86	$4.80
Connecticut	$13.82	$10.86	$4.80
Delaware	$10.55	$10.86	$4.80
Florida	$30.38	$10.86	$4.80
Georgia	$15.29	$10.86	$4.80
Hawaii	$10.55	$10.86	$4.80
Idaho	$10.55	$10.86	$4.80
Illinois	$22.12	$10.86	$4.80
Indiana	$11.57	$10.86	$4.80
Iowa	$10.55	$10.86	$4.80
Kansas	$10.55	$10.86	$4.80
Kentucky	$10.55	$10.86	$4.80
Louisiana	$10.55	$10.86	$4.80
Maine	$10.55	$10.86	$4.80
Maryland	$15.15	$10.86	$4.80
Massachusetts	$19.39	$10.86	$4.80
Michigan	$17.55	$10.86	$4.80
Minnesota	$10.55	$10.86	$4.80
Mississippi	$10.55	$10.86	$4.80
Missouri	$10.55	$10.86	$4.80
Montana	$10.55	$10.86	$4.80
Nebraska	$10.55	$10.86	$4.80
Nevada	$10.55	$10.86	$4.80
New Hampshire	$10.55	$10.86	$4.80
New Jersey	$27.03	$10.86	$4.80
New Mexico	$10.55	$10.86	$4.80
New York	$34.17	$10.86	$4.80
North Carolina	$15.11	$10.86	$4.80
North Dakota	$10.55	$10.86	$4.80
Ohio	$28.80	$10.86	$4.80
Oklahoma	$10.55	$10.86	$4.80
Oregon	$10.55	$10.86	$4.80
Pennsylvania	$22.21	$10.86	$4.80
Rhode Island	$13.75	$10.86	$4.80
South Carolina	$10.55	$10.86	$4.80
South Dakota	$10.55	$10.86	$4.80
Tennessee	$10.70	$10.86	$4.80

CRS-4

State	S. 21	Senate Reported H.R. 2360	0.25% Base
Texas	$35.40	$10.86	$4.80
Utah	$10.55	$10.86	$4.80
Vermont	$10.55	$10.86	$4.80
Virginia	$13.61	$10.86	$4.80
Washington	$10.58	$10.86	$4.80
West Virginia	$10.55	$10.86	$4.80
Wisconsin	$10.55	$10.86	$4.80
Wyoming	$10.55	$10.86	$4.80
DC+NCR	$10.55	$10.86	$4.80
Puerto Rico	$6.71	$10.86	$4.80
U.S. Virgin Islands	$1.05	$3.62	$1.60
Guam	$1.05	$3.62	$1.60
American Samoa	$1.05	$3.62	$1.60
Northern Marianas	$1.05	$3.62	$1.60
Guaranteed Base Total	$762.73	$579.20^A	$251.20
Remainder to Be Allocated Based on Risk	$1,155.27	$1,338.80	$1,666.80
Total	$1918.00	$1918.00	$1918.00
Percentage Allocated for Guaranteed Base	40%	30%	13%
Percentage Allocated for Risk	60%	70%	87%

Source: CRS calculations based on formulas in S. 21 and Senate reported H.R. 2360.

^A Due to rounding in CRS calculations, this amount is $800 thousand less than $580 million.

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