AUTHENTICATED
U.S. GOVERNMENT
INFORMATION
GPO

S. HRG. 109–1125

THE PROPOSED REORGANIZATION OF THE DEPARTMENT OF HOMELAND SECURITY

HEARING

BEFORE THE

COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION UNITED STATES SENATE

ONE HUNDRED NINTH CONGRESS

FIRST SESSION

JULY 19, 2005

Printed for the use of the Committee on Commerce, Science, and Transportation

U.S. GOVERNMENT PRINTING OFFICE

65–180 PDF WASHINGTON : 2011

For sale by the Superintendent of Documents, U.S. Government Printing Office
Internet: bookstore.gpo.gov Phone: toll free (866) 512–1800; DC area (202) 512–1800
Fax: (202) 512–2104 Mail: Stop IDCC, Washington, DC 20402–0001

SENATE COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION

ONE HUNDRED NINTH CONGRESS

FIRST SESSION

TED STEVENS, Alaska, *Chairman*

JOHN McCAIN, Arizona
CONRAD BURNS, Montana
TRENT LOTT, Mississippi
KAY BAILEY HUTCHISON, Texas
OLYMPIA J. SNOWE, Maine
GORDON H. SMITH, Oregon
JOHN ENSIGN, Nevada
GEORGE ALLEN, Virginia
JOHN E. SUNUNU, New Hampshire
JIM DeMINT, South Carolina
DAVID VITTER, Louisiana

DANIEL K. INOUYE, Hawaii, *Co-Chairman*
JOHN D. ROCKEFELLER IV, West Virginia
JOHN F. KERRY, Massachusetts
BYRON L. DORGAN, North Dakota
BARBARA BOXER, California
BILL NELSON, Florida
MARIA CANTWELL, Washington
FRANK R. LAUTENBERG, New Jersey
E. BENJAMIN NELSON, Nebraska
MARK PRYOR, Arkansas

LISA J. SUTHERLAND, *Republican Staff Director*
CHRISTINE DRAGER KURTH, *Republican Deputy Staff Director*
DAVID RUSSELL, *Republican Chief Counsel*
MARGARET L. CUMMISKY, *Democratic Staff Director and Chief Counsel*
SAMUEL E. WHITEHORN, *Democratic Deputy Staff Director and General Counsel*
LILA HARPER HELMS, *Democratic Policy Director*

CONTENTS

	Page
Hearing held on July 19, 2005	1
Statement of Senator Burns	5
Statement of Senator DeMint	19
Statement of Senator Inouye	2
Prepared statement	2
Statement of Senator Kerry	6
Statement of Senator Lautenberg	7
Statement of Senator McCain	3
Statement of Senator Snowe	29
Statement of Senator Stevens	1
Prepared statement	2
Statement of Senator Vitter	4
Prepared statement	4

WITNESSES

Chertoff, Hon. Michael, Secretary, Department of Homeland Security	8
Prepared statement	8

THE PROPOSED REORGANIZATION OF THE DEPARTMENT OF HOMELAND SECURITY

TUESDAY, JULY 19, 2005

U.S. SENATE,
COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION,
Washington, DC.

The Committee met, pursuant to notice, at 11:15 a.m. in room SR–253, Russell Senate Building, Hon. Ted Stevens, Chairman of the Committee, presiding.

OPENING STATEMENT OF HON. TED STEVENS, U.S. SENATOR FROM ALASKA

The CHAIRMAN. I apologize for the delay in this hearing caused by the appearance of India's Prime Minister before the joint session of Congress.

We do welcome you, and we thank you for coming to the Committee to discuss your recently announced plan to streamline the operations, policies, and structures within your department.

Congress responded quickly to the September 11 attacks by first creating the Transportation Security Administration and soon after that the Department of Homeland Security.

At that time, it was apparent to the U.S. economy that the public trust and commercial aviation be restored, and a coordination from the Federal bureaucracies and, as well as, with State and local governments be achieved to defend against terrorism.

Being mindful of the speed with which the Department of Homeland Security was created, Congress authorized the Secretary in the "Homeland Security Act" to reassess the Department's operation and structures and make modifications where necessary.

We do commend you, Mr. Secretary, for taking advantage of that authority and for your proactive efforts and dedication to make this Nation safer.

The purpose of this hearing is to understand in greater detail the processes by which you have conducted your review, and the organizational modifications you propose in this effort to make the Department of Homeland Security operate more efficiently and effectively.

We have reviewed your plan, and I believe your proposals do make sense, but I think you have to approach one critical component of the security concept. That is the enlistment of more volunteers to help defend our homeland.

Hiring people to do every security job in this country will bankrupt this country. I firmly believe Americans have been waiting for instructions from their government since the attacks of September

11 so they, too, could play a role, and serve the security of our Nation.

And I will put the rest of my comments in the record, if I may.

[The prepared statement of Senator Stevens follows:]

PREPARED STATEMENT OF HON. TED STEVENS, U.S. SENATOR FROM ALASKA

I welcome Secretary Chertoff, and thank him for appearing before the Committee today to discuss his recently announced plan to streamline the operations, policies, and structures within the Department of Homeland Security.

Congress responded quickly to the September 11 attacks, by first, creating the Transportation Security Administration, and soon after that, the Department of Homeland Security. At the time, it was imperative to the U.S. economy that the public trust in commercial aviation be restored, and that coordination between Federal bureaucracies, as well as with State and local governments, be achieved to defend against terrorism.

Being mindful of the speed by which the Department of Homeland Security was created, Congress authorized the Secretary in the Homeland Security Act to reassess the Department's operations and structure, and make modifications where necessary. I commend Secretary Chertoff for taking advantage of this authority, and for his proactive efforts and dedication to making this Nation safer.

The purpose of today's hearing is to understand in greater detail the processes by which Secretary Chertoff conducted his review, and the organizational modifications that he has proposed in his effort to make DHS operate more efficiently and effectively.

I have reviewed the Secretary's plan and while I believe many of his proposals make sense, I think the Secretary's review fails to highlight one critical component of an effective homeland security approach. That is, the enlistment of volunteers to defend the homeland. Hiring people to do every security job will bankrupt this country. I firmly believe that Americans have been awaiting instructions from their government since the attacks of September 11, so that they can play a role in defending this Nation. I can remember riding a train from Texas to Los Angeles when I was an Air Force Lieutenant and a local volunteer walked up and down the aisle of the train to check each passenger's identification to ensure that we were supposed to be riding the train.

As DHS moves toward implementing the Secretary's plan in October, I hope the Secretary further studies ways by which he can involve our citizenry.

The CHAIRMAN. And, Senator Inouye.

STATEMENT OF HON. DANIEL K. INOUYE, U.S. SENATOR FROM HAWAII

Senator INOUYE. Thank you very much, Mr. Chairman. I ask that my statement be made part of the record.

I also request that the statement of Senator Rockefeller be made part of the record. Because of an unavoidable family matter, he cannot be with us this morning.

[The prepared statement of Senator Inouye follows:]

PREPARED STATEMENT OF HON. DANIEL K. INOUYE, U.S. SENATOR FROM HAWAII

Today, we will examine Homeland Security Secretary Chertoff's comprehensive review of the Department's organization and policy direction. Specifically, we hope to learn more about the role of the Transportation Security Administration (TSA) in this latest reorganization.

Chairman Stevens, Senator Rockefeller, and I, along with Senators Snowe, Dorgan, Lautenberg, Cantwell, and Pryor, introduced the Transportation Security Improvement Act of 2005, S. 1052, to better equip the TSA for its transportation security mission. I look forward to hearing the Secretary's perspectives on our bill in light of his comprehensive review.

We are anxious to improve our legislation and make certain that the Department has what it needs to keep our transportation infrastructure secure.

Transportation security is economic and national security, and the most prudent step we can take to improve it is to strengthen and empower the TSA.

While I was encouraged to learn that the TSA will continue to be the "lead agency" for transportation security, I remain concerned about the proposed realignment's potential effects on port, rail, and transit security. The reorganization also appears to have altered the DHS's areas of concentration, particularly regarding policy, intelligence, operations, and preparedness.

While I commend the Secretary for this substantive undertaking, I would not be doing my job if I did not raise for further discussion three principal areas of concern I have with his announcement:

1. The transfer of port security functions away from the TSA;
2. The Department's poorly defined commitment to rail and transit security; and
3. The future of the TSA's vetting and credentialing programs, such as the Registered Traveler program and hazmat background checks.

Given the recent terrorist bombing of London's commuter rail and buses, the bombings in Madrid last year, as well as similar transit attacks in Moscow, Tel Aviv, and Tokyo, we need greater detail and attention to rail and transit security, not less.

However, just one day after the reorganization announcement, in an interview with the Associated Press, Secretary Chertoff suggested that rail and transit security would not be a top priority during his tenure. I hope that he will address those comments today, particularly since our legislation directs greater attention and more resources toward these transportation modes.

It is a gross miscalculation to de-emphasize rail and transit security. As we have witnessed repeatedly, transit systems are a primary target for international terrorists. Such attacks are highly visible, produce mass casualties, cause broad economic disruption, and generate widespread fear.

In fact, a recent Associated Press poll indicated that 57 percent of Americans now believe a transit-related attack in the U.S. is inevitable. The same poll also demonstrated that Americans are not shying away from their daily routines. We must show similar resolve and work together to prove that an attack is far from certain.

It is our job to do everything possible to ensure that while the threat risk will likely continue, the actual vulnerability will diminish.

S. 1052 redoubles our efforts to secure our rail lines, motor carriers, and ports, and provides the Department with the tools needed to accomplish the goals articulated in the Secretary's review.

We look forward to working with the Secretary, in the weeks and months ahead, to ensure that our transportation systems are as safe and secure as possible.

The CHAIRMAN. Senator McCain.

STATEMENT OF HON. JOHN MCCAIN, U.S. SENATOR FROM ARIZONA

Senator MCCAIN. Thank you, Mr. Chairman.

I would just like to say, Secretary Chertoff, I was pleased to hear your philosophies concerning the need for the Department to be risk-oriented in its decisionmaking processes and act as an effective steward of public resources. It is one of the most diverse and largest government agencies.

And I was also pleased to read in your testimony your strong commitment for improving our Nation's immigration policies, as well as, securing our borders.

And I hope that your visit to the Arizona-Mexico border may help shape your policy views. It was not the coldest day we have had. And we appreciate the fact that you were willing to come to the border and see the situation on the ground. And I hope you will come back as we continue to try to improve our border security.

And, Mr. Chairman, I have a lot of things to say, but I really want to hear from the witness. I thank Mr. Chertoff, Secretary Chertoff, and I congratulate him on the job that he is doing.

The CHAIRMAN. Senator Vitter, your comments.

STATEMENT OF HON. DAVID VITTER,
U.S. SENATOR FROM LOUISIANA

Senator VITTER. Thank you, Mr. Chairman. Thank you for this hearing.

And I, too, want to thank the Secretary for your work, Mr. Secretary. You clearly have one of the toughest jobs in Washington. Thank you for taking it on.

I will be very brief and I will submit the rest of my comments for the record.

I, too, have studied your proposals. I do have an overall concern which is—and we have talked about this briefly on the phone—which is a lot of centralization in the front office in Washington and lack of a regional structure around the country. And I just wanted to briefly highlight that concern.

I continue to believe that to best coordinate emergency preparedness and response, there should be some regional structure in the department rather than all sorts of different agency structures, all with communication only to Washington.

I think regional headquarters and directors would enable the department to better coordinate with local officials and better facilitate preparation and response.

I think this is particularly true since different regions have very different threats. For instance, my home, Louisiana, has ports, maritime issues. But, Texas, right next door, has a very different major threat which is the threat from the border. And I think regions could effectively help focus on those different threats in different parts of the country.

Now, I want to be clear. I am not proposing some nationwide building program of plush headquarters in regions around the country. What I am describing does not have to be a lot of overhead, a lot of sort of headquarters that are devoid of direct responsibility in terms of the actual work of the departments.

But I would liken it to combatant commanders in the field and different theaters in the military, strategically placed around the Nation, in the case of homeland security, to enhance security and focus on the different threats that different regions of the country face.

So that would be my general comment and concern. Again, we have talked about this briefly on the telephone. And I will look forward to following up as you develop the structure to see if that concern can be addressed in other ways.

And, Mr. Chairman, I will submit the rest of my comments for the record.

The CHAIRMAN. Thank you, Senator.

[The prepared statement of Senator Vitter follows:]

PREPARED STATEMENT OF HON. DAVID VITTER, U.S. SENATOR FROM LOUISIANA

Mr. Chairman, thank you for having this timely hearing. I appreciate the work the Secretary is doing, and I look forward to hearing more about the plans to reorganize the Department.

Mr. Secretary, you have one of the toughest jobs in Washington, and I applaud you for your efforts. I do have one issue, however, with where I see the Department heading.

I believe that to better coordinate emergency preparedness and response, regional authorities should be established in the Department. Regional directors would en-

able the Department to coordinate better with local officials and facilitate better cooperation with all the DHS agencies, so that everyone can work together most efficiently.

Different regions have different threats. For example, Louisiana has ports and maritime issues, but Texas has a threat from the border. Every region has a different focus and needs a different regional strategy for homeland security. The Coast Guard has a regional system that is a good example. The Coast Guard districts were not thrown together randomly, but they were designed with mission in mind.

We need regional staff with authority over the many Department components in an area to command the response needed effectively.

I am not proposing a nationwide building program with new plush headquarters around the Nation. Instead, we need to have regional authorities—like commanders in the field for the military—strategically placed around the Nation, to provide efficiency to enhance security.

If history teaches us anything, it is that change is often not received well, even if it is for the common good. Let's use the Department of Defense as an example.

It took years to integrate the services, to take advantage of efficient operations and coordinated efforts. Finally, the Goldwater-Nichols Act of 1986, made DOD a functional department. It set up a system to use all the services in a combined way to accomplish their tasks, and be able to function effectively and respond to events in a coordinated way. Some functions—the Title X functions like training, equipping, and managing resources—were separated out from the war-fighter activities, thereby, allowing the Combatant Commanders to concentrate their efforts at the operational and tactical level.

As in the Department of Defense, we should have the leadership at the top setting policy, but at the same time, we should empower regional directors of the Department of Homeland Security—the equivalent of commanders in the field for DOD—to perform day-to-day operations, and make decisions to accomplish their mission of securing our Nation and responding to threats. I think this may be the idea in the reorganization plan with the creation of an operations office, but I think it is missing a regional component.

If you look at Miami, New Orleans, Houston, or any other area where DHS has many component organizations, there is no organization or command structure that allows for joint training, resources, operations, or intelligence that will produce a collective result and stop terrorism.

Should an incident happen in any of these locations, who would be the point-of-contact in charge? TSA, ICE, USCG? Surely we should not have all the agencies acting independently, and a command structure solely based in Washington will not be effective. In order to solve this problem, a system with regional directors is needed to ensure efficient operations and the best, quickest, most effective response to incidents and preparing for potential incidents. These regional directors should be empowered to respond and coordinate preparedness and response, under guidelines established by the Secretary and his leadership team.

I would like for the Secretary to explain why he chose against a regional structure.

The CHAIRMAN. Senator Burns.

STATEMENT OF HON. CONRAD BURNS, U.S. SENATOR FROM MONTANA

Senator BURNS. Thank you, Mr. Chairman.

And welcome, Mr. Chertoff. We appreciate you.

There are just a couple of areas, and most of the areas are which you have already taken a position and thinking about changing. So I will look forward to your testimony.

I did want to talk to you a little bit about EAS airports. I think there are a couple of states where we may address a problem, but that is in question. But I just look forward to hearing your comments this morning.

And thank you, Mr. Chairman, for this hearing.

The CHAIRMAN. Thank you.

The CHAIRMAN. Senator Kerry.

STATEMENT OF HON. JOHN F. KERRY,
U.S. SENATOR FROM MASSACHUSETTS

Senator KERRY. Mr. Chairman, thank you. Just a brief statement, if I may. First of all, thank you for holding this hearing.

Mr. Chertoff, thank you for coming in and sharing some time with us. I was pleased to support your nomination. I know you are working hard to protect the country.

There are a lot of areas to focus on. Obviously, you have heard some of them expressed in the concerns of my colleagues.

I would just like to focus on one quickly in my opening comments, if I can, and that is the issue of port security, specifically management of the grant program, and the status of national prevention and contingency plans.

In January, the DHS Inspector General issued a report you are well familiar with, saying that the current design of the grants program compromises DHS's ability to direct resources to the Nation's highest priorities.

And assessing the administration of the program, the IG found that only one staff person at TSA managed the distribution of 811 grants in 2003, found that 82 of 86 grant applications transferred from TSA to the Office of Domestic Preparedness lacked merit but still received funding, and most importantly, found that of the $564 million that was awarded through 2004, only $106 million was actually spent to improve port security.

This is a fairly amazing statistic, as well as reality, when you measure what experts have told us about ports and the potential threat which you are well familiar with.

I know that you and DHS concurred with most of the recommendations, but it has never been set forth, sort of, precisely how that is going to ultimately be implemented.

Last week, on the Homeland Security Appropriations bill, I submitted an amendment to require the Inspector General and others to report within 90 days detailing how that implementation is taking place, and will take place.

So obviously I hope you will cooperate in that effort. But more importantly, I am really concerned, and I think others are, that we remain unprepared.

Now, I heard your comments the other day, and I respect the distinction you are trying to draw. I would concur that we cannot prevent everything. And there are certain limits, and there are certain realities we have to live with.

But the department still has not finished a national maritime security plan mandated by the "Maritime Transportation Security Act." The country still has no plan to reroute commerce should a port be attacked. And that lack of planning could prove destructive to our economy if there were a major port being closed, especially if oil or natural gas deliveries were stopped.

So I would urge you to tackle this. Obviously I have some questions on it when the question period comes. I hope we never need it, but there is no doubt in my mind that railroads, highways, and cities are all impacted by what does or does not happen with respect to port security itself, because they are so interconnected.

And I will look forward to having a chance to explore this with you a little bit.

The CHAIRMAN. Senator Lautenberg, you have a comment?

STATEMENT OF FRANK R. LAUTENBERG, U.S. SENATOR FROM NEW JERSEY

Senator LAUTENBERG. Thanks, Mr. Chairman. Thanks for asking Secretary Chertoff here. I am pleased to see him.

Last week, we saw the beginning of the plan for reorganizing the Department of Homeland Security and make it more effective. And I congratulate Secretary Chertoff for moving on that front.

It is a very complicated department or organization, 180,000 people, and a merging of lots of different departments of government. So it will not be easy and it has not happened yet, but we are on the right track with this.

Unfortunately last week, I think the Senate in some form undermined what the secretary is offering as his view of how we ought to distribute funds from the Department of Homeland Security and that is based on risk. And instead we had a vote that suggested that no significant portion of the funds ought to be distributed based merely on population.

But if you had an epidemic in California, you would not send the vaccine or the antidote to Illinois, and we ought not to be doing that here. And I hope that we will be able to confirm that the most effective way to protect our society is to distribute funds on risk assessments.

And we congratulate the secretary for standing firm on that. He said that we should have at least 90 percent going, based on risk assessment to those communities, those places at risk, and last week we voted to reduce it to 60 percent. It is not a particularly good idea.

In terms of the transportation systems, I disagreed with the secretary on the fact that he suggested states ought to take over the security for their own transit systems. But many of these are interstate and they are part of an integral transportation system that affects the entire country.

And I do not think that the states are in a position—I look particularly at my state where 860,000 people, each and every day, take buses and trains and rely on mass transit, public transit systems to move them around.

And we saw what happened in London, too, recently when the attack took place there and at the transportation, focused on transportation network knowing that that would have a devastating effect, not only on the functioning of the society, but the psychology of the society.

And I think it is really important, Mr. Secretary, that we continue to focus all assistance possible on our transportation systems. I look forward to an opportunity to ask some questions.

And I thank you again, Mr. Chairman, for doing this.

The CHAIRMAN. Thank you very much.

Mr. Secretary, we are pleased to have your statement.

STATEMENT OF HON. MICHAEL CHERTOFF, SECRETARY, DEPARTMENT OF HOMELAND SECURITY

Mr. CHERTOFF. Thank you, Mr. Chairman, and Ranking Member Inouye. I request that my full statement be made part of the record.

And I thought I would take the opportunity just very briefly to outline the highlights and to respond to a couple of, I think, salient issues.

It is a pleasure for me to be before the Committee. I think it is my first time since I have become secretary. And I look forward to continuing to work with the Committee as we go forward, not only with respect to the reorganization, but with respect to implementing policies which I know concern all of us very deeply as part of the effort to enhance our homeland security.

The CHAIRMAN. We will put your statement in the record in full and all opening statements in the record in full without objection.

[The prepared statement of Secretary Chertoff follows:]

PREPARED STATEMENT OF HON. MICHAEL CHERTOFF, SECRETARY, DEPARTMENT OF HOMELAND SECURITY

Chairman Stevens, Senator Inouye, 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 Committee on Commerce, Science, and Transportation today to discuss the outcomes and results of our Second-Stage review. Shortly after my confirmation as Secretary of the Department of Homeland Security, I announced my intention to conduct 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. Today, I am able to report more fully on the results of that process.

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 ma-

trix 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.

3. 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 recent tragic events in London served as a reminder of the terrorist threat against innocent civilians in our mass transit systems. We believe mass transit security is a shared responsibility between Federal, State,

and local partners, and the Federal Government has provided significant support for security efforts over the past three years. 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 touch-

es 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, I was pleased to announce last Thursday that Dr. Jeffrey W. Runge will serve as the Department's Chief Medical Officer. Working within the Preparedness Directorate, Dr. Runge will be my principal advisor on medical preparedness, and will serve as 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 decisionmaking, strengthening security where needed, and eliminating unnecessary burden when possible. Last week, 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.

Mr. CHERTOFF. Thank you.

Obviously, the events of July 7 are still very much in our mind. They are a forceful reminder of the fact that there are enemies out there who seek to hurt us, and seek to damage our infrastructure, our economy, to kill our people.

They are sophisticated. If they can do it in a way that maximizes the negative effect on our way of life, they want to do that. And

as painful as that attack is, and as much of a reminder as it is, I think it also needs to inspire us to continue to be disciplined and strategic in the way we think about protecting homeland security.

I should also underscore what I think all of us feel which is our tremendous sense of solidarity with the British people, and with all those who lost loved ones in that terrible incident of July 7.

Let me talk briefly about the general outline of our Second-Stage Review and where we are headed. But let me pause just for a minute, in light of London, to just emphasize something that I think perhaps got drowned out a little bit last week in terms of discussion about the issue of mass transit security.

The whole issue of transportation, the whole issue of infrastructure in this country is very much on the mind of those who work in the Department of Homeland Security. And, again, we want to be strategic about it. We want to be risk-based, which means we want to measure consequence, vulnerability, and threat in assessing how to go about doing what we need to do to protect America.

We want to be balanced, and that means we want to always consider the costs involved, the fact that we want to not only protect our lives but our way of life, the fact that we want to work as partners with other government agencies, State and local government, and with the private sector.

We do not want to own the responsibility. We cannot own the responsibility for homeland security alone. We must share that responsibility.

And as you said, Mr. Chairman, that sharing has to go down, even to individuals who have to play a role in protecting our country. And we are now advising people and have advised people, when they get on public transportation, or are in public places, that they be mindful and be aware of what is around them, and not hesitate if they see something suspicious, such as an unattended package, to make that fact known to the authorities.

So this is very much a shared issue. But, of course, we have to tailor our approach to the particular sector of the economy and infrastructure.

And so, for example, in the area of mass transit where the boots on-the-ground are largely owned by State and local police, no one has suggested, and I do not think anyone would suggest, that the Federal Government blunder in and execute a mass takeover of transit police.

What we want to do is work with the transit authorities, with the transit police to give them the benefit of our technology, biological detectors, chemical detectors, and sophisticated detection technology which includes the use of video cameras. And we have done that and we are continuing to do that. And I look forward to talking about that as we proceed with the hearing.

The purpose of the Second-Stage Review was to take stock of where we are, recognizing the tremendous challenge and accomplishment of my predecessor, and his leadership team in this department, but understanding that there is room for improvement and recognizing that we face a dynamic enemy; we need to be adaptable and nimble in the way we address the challenge of terrorism.

I wanted to lay out a number of agenda items for policy in my remarks last week. They were not meant to be comprehensive. There are many things we have to attend to.

But among the things I think that are very important are the issue of preparedness, particularly with respect to potentially catastrophic threats such as nuclear threats, biological threats, chemical threats, threats that would, if they materialized, number casualties not in the hundreds or thousands but in the hundreds of thousands or millions perhaps, and threats that would have devastating effects on our cities, our countryside, and our economy.

Transportation. Part of the strength of the country is the fluid and convenient movement of people and goods, in and out of the country and throughout the country. We need to make sure we protect the security of that movement, but that we do it in a way that does not compromise the efficiency and the convenience which are the hallmarks of our system.

Borders and immigration. Senator McCain, I was pleased and I did find it very, very informative to go down, and actually see, with my own eyes, the challenge that is faced by our border patrol down in Arizona, and really across the southern and the northern borders.

And we are working very aggressively now to come up with an integrated, strategic approach to the issue of controlling the borders. There are some people who say, well, you know, it has not been done up to now, so it cannot be done. I disagree with that. I think we can do it. It takes some strategic thinking. It takes the application of will.

I know the public and the Congress are demanding that we take action, and we are very focused on executing a strategy that will get us to where we need to be as quickly as possible.

Information sharing. The key to working with partners is to share information both ways. Some of the elements in the proposal I have put forth involve some structural changes.

One part of what I want to do is invite, and I have, in fact, invited State homeland security advisors to come meet with me and the top leadership team to see how we can move forward on fusion centers.

Management. We are stewards of the public trust. That means when we get resources from Congress, we owe it to the public and Congress to spend the money wisely and efficiently. We need to do some retooling of our own structures and our processes to do this.

One thing I would observe in response to Senator Kerry's opening statement is, within a very short time after I arrived on the job, I called up the Inspector General and I said, "Look, I want to get your best learning on best practices, what we are doing right, what we are not doing right, to make sure that our procurement and our management is working as best as it could, as it can."

Finally, let me touch briefly on the structural changes that we are proposing.

A centralized policy and planning office that will give us the capability to do the kind of strategic policymaking and planning, from a department-wide perspective, that will allow us to get our arms around such big issues as control of the border, and management of our transportation security preparedness.

A chief intelligence officer who fuses all of the information collected by the eleven components in our department that currently deal with intelligence and making us better consumers, better analysts, and better purveyors of intelligence to our partners.

Operations, giving us, for the first time, an operational capability that spans a department.

And, finally, preparedness, recognizing the unusual challenge that is placed upon us in guiding the preparedness across the country which requires us not only to work with our sister departments here at the Federal level, but with our State and local partners, and with the private sector which, in fact, owns about 85 percent of the infrastructure.

And that includes particular emphasis on an Assistant Secretary to focus on cyber and telecommunications and a Chief Medical Officer who will look to bring together, and manage the architecture for our response to biological hazards, whether they deal with human health, or animal health, and agriculture.

Finally, we are trying to make sure we never lose sight of common sense, and that we recognize that balancing means sometimes you bring the balance down as well as up. We do not want to only enhance burdens on the public, we want to relieve burdens where prudence and sound judgment suggest we can do that.

And two initiatives I announced last week, which I think embody that, are the decision to go forward with a ten fingerprint scan for new visitors to the United States that will build upon US–VISIT and make it even more effective.

And, finally, our relaxation of the 30-minute rule with respect to Reagan Airport, which was done not only to alleviate the burden on passengers, but really, as a recognition that as we scale up what we do to protect aircraft, we should be open to scaling down burdens that are no longer necessary, in order to make sure we have security.

So that is our agenda. We have got much more work to do. I look forward to working with the Committee in pursuing these goals. And I am delighted to answer questions.

The CHAIRMAN. Thank you very much, Mr. Secretary.

Senator McCain.

Senator MCCAIN. Mr. Secretary, I was impressed by your statement that we need to secure the borders and also discussions we have had. We need to use better technology.

I think the temperature on the border today across Arizona, Texas, New Mexico, and California is probably in the 120 degrees. And it is very hard on people.

It seems to me that UAVs, lasers, and technology is probably a better approach than just hiring more people, although I certainly think we need more people.

I am curious about your views about our relationship with the Mexican government as to the need for cooperation there, and also your views on what kind of immigration reform. I think you were talking about a guest worker program to relieve some of the pressures on the border.

And are you concerned about the increasing numbers of people from, "countries of interest" that are coming across our border and

we do not have the ability to detain them, so, therefore, they get a permission slip and move on?

I know that is a number of questions, but I am very—I think they are sort of connected.

Mr. CHERTOFF. Well, I will try to address each of them in turn. I begin by saying, I agree. This is a solution that requires smartness of technology, not merely additional agents, although additional agents are part of it. It requires looking at the whole system and integrating the technology and the people.

And that I think also applies to the question of what do we do with people after we catch them. Simply catching them and releasing them into the general public is not a solution. It is simply moving the problem around into a different arena. So, I think a systems approach makes a lot of sense.

The issue of crossing the border, particularly at this time of year when it becomes a true humanitarian issue, I think is one that ought to concern not only this country, but the Mexican government as well.

I have spoken with my counterpart, both the current Ministry of Government over there and his predecessor, Senior Creole. We have made it very clear that we think this is a humanitarian issue, as well as an issue that affects us as a country.

And we are anxious to cooperate with them, and we have cooperated with them in helping them do what they ought to do, which is to focus on the smuggling organizations that cause an enormous amount of damage to people who are victimized, including encouraging people to cross the desert, and putting them in a situation where many of them lose their lives.

We are encouraging them to do things like focus on the organizations. We are exchanging information with them. There is no question that part of our strategy has to include disabling those groups that profit off the smuggling of people into this country.

Another element has to be trying to remove some of the incentive which, of course, is the demand that pulls people into the labor market here. And that means trying to create a structured, regulated channel to bring people in to do work for which there is obviously a substantial market, thereby reducing some of the pressure to move illegal people into the country.

And I think if we do that, we allow ourselves to target our resources more effectively on keeping out those people who are not coming in to work, but are potentially coming in to commit crimes, or to commit acts of violence, or even terror.

Finally, on the issue of other than Mexicans, I think it is unacceptable to have a situation where we release a large number of people on their recognizance, or on bond because we cannot simply send them back to Mexico, and because it takes a certain number of days to get them removed to their home countries.

Part of this idea of putting together a program, a strategic view, is to look at that entire system. And that means we not only have to get access to more beds, so we can detain people, which would in turn allow us to do expedited removals, we have to then look at what are the obstacles that are preventing us from sending people back quickly.

Sometimes that means other countries that are dragging their feet, frankly, in terms of accepting their own citizens back. And we have got to push them to make sure that does not happen, and we may have to push them pretty hard.

Part of it may be use of technology, for example, to speed up consular conferences, which now we wait for a consular officer to come visit a detention facility. That has to happen before we can move somebody back. Maybe we ought to do video conferencing and cut the wait from days to hours. Maybe we need to put some additional resources into flying people back.

We are looking at the whole system, and it is very much our objective to move briskly to eliminating the release of these, other than Mexicans on bond, and also to speed up the cycle in which we move them back. And I think if we do that, we will be taking a big step forward in doing what we need to do to get control of our borders.

Senator MCCAIN. Well, I thank you very much for that comprehensive answer. And obviously we need to get the attention of the Administration, and our colleagues, to the compelling need for overall campaign finance reform. And I think your comments both here, and publicly, can be very helpful.

I would be remiss without asking you what the lessons of what happened in London, how they apply to us, that maybe you could just provide us with what you have learned so far. And thank you.

Mr. CHERTOFF. I think it—we do not have all the lessons yet because we do not—obviously we are working with the British to get a full picture of the plot.

I think there is a recognition that although we do tend, and I think properly tend to focus on people coming in from outside, we also have to focus on so-called sleeper cells inside the country. And that is—you know, one of the reasons that getting—making sure we have good intelligence, real-time intelligence about what is going on with potential sleeper cells in the United States, is an important component of our preventing these acts.

And I will take the opportunity to say, you know, the "Patriot Act," which gave us some of the tools to do this, in my prior experience as Head of the Criminal Division was a very, very important tool in giving us the kind of awareness of what is going on in this country that we need in order to protect ourselves.

Senator MCCAIN. Thank you, Mr. Chairman.

The CHAIRMAN. Thank you.

Senator Vitter. He's gone.

Senator DeMint.

STATEMENT OF HON. JIM DEMINT,
U.S. SENATOR FROM SOUTH CAROLINA

Senator DEMINT. Thank you, Mr. Chairman.

Thank you, Mr. Chertoff. I appreciate your being here. I am encouraged by your comments today and over the previous week, your ideas for reform. Obviously we cannot protect every public forum in this country.

It is frustrating to recognize that, but we clearly cannot have protection on everything that is in public here. So I continue to be-

lieve that the President's strategy to pursue terrorists wherever we can find them, before they get here, is the right approach.

I am encouraged, as is Senator McCain, your emphasis on the border. There is no way we can protect anything inside this country if we are not able to control who is coming and going. So if we are coming down this funnel, in effect, it seems like we have got to work on the big targets like our border.

I also appreciate internally, your emphasis on major priorities and weapons of mass destruction. While politically that's going to be very difficult, and we have already seen the fallout of you attempting to use our resources in a way that could prevent a large-scale attack that could, you know, just cripple our economy in addition to killing and hurting thousands of people, it is going to be difficult not to continue, for political reasons, to spread our resources over every area that might be attacked.

I guess my question to you is, I guess as you wade into this and start to set priorities, knowing there is going to be a lot of political pressure to divide resources of every bus, train, football game, or whatever, can we as an Agency, the way you are structured and with, I guess, the way we are organized and democracy in this country, can you stand the political pressure and move ahead with what clearly I think you are on the right track to do?

I know it is a hard question to answer in this forum, but I guess my encouragement would come from knowing that there is a determination in your Agency and the White House, and hopefully to a large degree in Congress, to let you do your job to protect us. Can you do that? What signals do you see so far politically?

Mr. CHERTOFF. Well, Senator, let me say when I—in the 5 months, little over 5 months I have been on the job, there has been a complete consistency in approach not only in my department but, you know, in the White House, all over the Administration.

And we need to be risk-focused in the way we deal with homeland security. I think when you live every day with looking at the threats that are out there, and there are a wide variety of different kinds of threats—some of them are more imminent than others—I think you become acutely aware of the need to make sure that we are applying our resources, not only in ways that will avoid short-term threats, but long-term threats. Some of the long-term threats as you observed are really potentially catastrophic.

When you envision some of the types of things that are out there with weapons of mass effect and the consequences, you realize that even if there is no imminent threat, we have to start to think about building protections that will take us out maybe a year, 2 years, 5 years, even 10 years, because the consequences would be so serious.

I think, you know, my basic principles in trying to move forward on this are these. I will, and I think everyone in my department will be forthright about how we see it. You are going to hear the same answer whether we get asked the question here, or get asked the question somewhere else. We are going to be consistent about it.

We want to make sure we always work within the system, and not break the system, in order to protect, meaning that as we devise an approach to protecting our rail, or protecting our aviation,

or protecting something else, we do not want to become so focused on security that we destroy that which we are trying to protect.

We need to be balanced. And we need to make sure that we do not give the terrorists the victory that would come by turning us into a fortress state. We do not want to be a fortress state. We want to be secure, but we do not want to be a security state.

Finally, partnership is really important. I think the way to move forward on this is to work with our partners in State and local government, and in the private sector, so we all bring our advantages to the table. There are some things that local government does very well. They do better than we do.

The transit police, the local police who are the eyes and ears, who know the community are a critical resource in terms of prevention and intelligence. I do not want to supplant them or push them aside. I want to work with them.

On the other hand, we have the ability in the Federal Government to focus on cutting-edge technology, detection equipment that, for example, allows us to rapidly detect biological or chemical hazards. We ought to be bringing that to the table, whether it be in the rail system or in other public settings.

So if we think, if we are smart, we are cooperative, we are partnership oriented and we are balanced, I think there is a good prospect in giving the American people what they have a right to expect which is security that allows them to continue to live in a way that we all cherish, but protects our lives and the lives of our loved ones, and our country.

Senator DEMINT. Thank you.

The CHAIRMAN. Senator Burns.

Senator BURNS. Mr. Secretary, there are a couple of areas I want to pursue. I noticed in the press that you are pursuing another security fee for the aviation industry and its passengers. And I think both Houses of Congress have spoken to that very loudly in the last couple of years. And I see no reason why you should pursue that because I do not perceive it to become a reality.

But I mentioned to you about which I am very much interested, and I Chair the Aviation Committee here, and the Subcommittee, and we are looking at the FAA and an overhaul there on reauthorization next year.

I like your idea on Registered Traveler. I think that program should be accelerated. We note that most of the—all of the travelers that were pre-9/11, are back with us. We have a growing problem now that they are flying in regional jets.

There are more airplanes in the air now than there ever has been to carry those people. And so it is causing some congestion problems, not only in our skies, but, also, whenever we start talking about our facilities to secure our airports and to tighten them up.

So I am very much interested in your Registered Traveler program, also the new technologies to be used at airports, and I also liked your idea on risk-based management approach. In that area, we have a situation, as far as airlines are concerned.

I have a feeling that as we increase our security around our more populated areas, we tend to forget that we have got about 580 miles of border with Canada, which is very porous. We have farm-

ers that farm both sides of that border, as you well know. They own land in Canada, and they also own land in Montana. So we have been spoiled up there because of our freedom to move back and forth on that border.

But we also have a situation with our smaller EAS communities, essential air service communities, where they have no screeners, which poses a problem that if you get on an airplane in Wolf Point, Montana, which is only 40 miles from the Canadian border, and you check your luggage, they bring it to—say your mini-hub is Billings, they have to reclaim that luggage if they are transferring to another flight and reclaim it and then recheck in again and back through security.

This is—and I think only Montana and New Mexico has this problem. And I would caution; I think New Mexico poses more of a problem than does Montana. But what it does, you have to have a lot more connection time in order to facilitate the traveling.

I would just—we can get together on that. We can talk about that and maybe we can come up with ways to take care of that in those areas.

But as far as your new technology concern and this situation, risk-based management, I applaud you because we have to use some common sense.

I think Senator DeMint is exactly right. There is not enough money in this government to protect every nook and cranny of this country, because people are mobile. We have a mobile society. They do not want to lose that freedom.

And so as the Chairman had mentioned the other day, we are going to have to, I think, probably most of our security in some of these areas is going to have to be home-grown, volunteers, and people who notice things and have the capability of heading off some things.

But Intel is very important. And you mentioned it a while ago. If you have an intelligence office within, how will that fit in with what we have done with the rest of the intelligence community in bringing together a czar, so to speak, for intelligence in this country?

Mr. CHERTOFF. Senator, let me try to respond to——

Senator BURNS. I know it is a whole load of stuff, but I give you the whole load of hay in one wagon.

Mr. CHERTOFF. I will try to take the pitch fork and go through, you know. Let me start with the last question which may be the shortest answer.

I think what we are going to do by getting someone in our Department who will be the coordinator of all intelligence that we generate, and we generate a lot because we have interactions at the border that actually have some very interesting—yield some very interesting insights, we have one point of contact with the DNI, the new intelligence Czar, which I think will make his job easier.

But, frankly, I think it will give us a better seat at the table, and make sure that we have a better ability, as we provide more to our partners in the community, to also ask that we have more elbow room and better visibility into what they are generating, which is important for our mission.

Let me talk more generally about the issue of aviation security. It is true that I have pursued a very modest, I think, a $2 or $3 additional passenger fee for aviation security. Evidently I have not pursued it too successfully.

But I think my theory is this: obviously we need to do something to move our general aviation security posture into the next generation meaning we need to get better technology, we need to have Registered Traveler programs that allow us to focus more on people that we have reason to wonder about, and we also need machines that will allow us to do a quicker and less cumbersome process of screening. I think that is going to benefit everybody.

And if to do that, in order to move that online, we can ask the public to give us a couple of dollars, what I call the price of a soda and a newspaper at the airport, and use some other techniques to accelerate the ability to acquire and deploy this kind of machinery.

I think that additional money will be money well spent. And, frankly, I think it will be money that benefits the airline industry, because it will make it more convenient for travelers, which means you will get more people using the airports.

And, of course, ultimately the aviation industry shares the same interest in security we all do. We know that the business of aviation depends upon people having confidence in security. And I think it would be more devastating to the industry to have that confidence shaken.

So I would like to continue to work with Congress to see a way to get adequate resources, to let us really move forward on next-generation technology. And I think at the end of the day, that will make people happier travelers and happier travelers, I think, make for frankly better business for the aviation industry and for a safer airline system.

Senator BURNS. Well, the airlines will tell you that it is pretty hard to pass along any fees back to the passenger now, because it takes away their ability to adjust for their cost. And from what I have seen, they are right about that.

And as far as your traveler is concerned, you know, we had to take off our shoes. It cost me a couple of—well, about a dozen pair of socks, I suppose. And I wear awfully good socks. And that happened.

But I also found out they get very nervous when you have a set of spurs in your bag, if you are traveling between here and Montana too. I never got those spurs back. But, anyway, we would work with you.

And as far as the EAS, I think we would work with you and come up with some plan. When we reauthorize the aviation part of that, we want you to be involved in that a little bit, because we feel like that it is part and parcel of what we are trying to do with the new technologies that we are going to employ.

We are going to change the FAA just a little. And, of course, that is a very slow process, as you well know, understanding the bureaucracy. And I thank you for your willingness to cooperate and to communicate on that issue.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you.

Senator Kerry.

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

I was kind of curious what the Senator uses the spurs for in Washington, but I will not go there.

[Laughter.]

Senator KERRY. Mr. Secretary, as I mentioned in my opening, the "Maritime Transportation Security Act" requires the maritime security plan. This is prior to your coming in. It was passed in 2002. It did not have a deadline in it.

But because the deadline was not met by DHS again prior to your coming there, the Congress put a December 31, 2004, deadline into the Intelligence Reform Bill. That was missed by DHS, who then said it would be completed by April 1, 2005. That was missed. It was not completed.

It was then expressed to this Committee's staff that it would be expected on June 1. That deadline has passed. And, again, there is still no plan.

So the question looms large, particularly in light of what you have said about catastrophic possibilities, why no plan, where is the plan, when can we expect the plan?

Mr. CHERTOFF. Well, Senator, I know we are working on this issue both in terms of the maritime security plan, and what we called, "maritime domain awareness." And it is in the interagency process; meaning that we are coordinating this, obviously, not only with agencies within DHS like Customs and Border Protection and Coast Guard, but also with Department of Defense and Department of Transportation.

I guess the lesson I have drawn from the recitation of missed deadlines is, I ought to hesitate to give you a deadline here if I am not comfortable that I can back it up. But I will get back to you with what the deadline is.

But on the other hand, I would not want to leave the impression that we are not working on it, or we are not doing additional things in the area of port security, because one of the things which we focused on, as part of this review is, the whole issue of how do we deal with the problem of cargo and people coming into our ports through the maritime domain, and to start to think about more comprehensive policies to deal with the major threats.

And as I know you know, when you look at the ports, there are threats that both come from the land side and from people mounting a direct attack on the port itself.

And then there is the somewhat distinct question of cargo coming in, which is the whole container issue, which we are dealing with partly through targeting and screening, partly through detection equipment, but which also, I think, ultimately requires us to look more comprehensively at the whole way in which the cargo system and the container system operates.

Senator KERRY. Well, can I interrupt you——

Mr. CHERTOFF. Sure.

Senator KERRY.—there for a minute just to kind of use the time as effectively as we can? I appreciate what you are saying. But you said, and I accept what you said, that the catastrophic threat with devastating impact is the most significant thing we need to be thinking about.

We have discovered containers with human beings in them who have been smuggled in, and they died. And there are others who have gotten in obviously.

Containers, according to most experts, are one of the prime targets because there are millions of them. And we are currently inspecting what percentage now, are we up to two, three percent?

Mr. CHERTOFF. I think it is a little more than that, but we screen a hundred percent. We inspect some small portion of those.

Senator KERRY. And the question is, when you look at the potential of either dirty bombs, or biological, or other kinds of threats, why some of the proposals with respect to security and tracking have not been put in place over the course of a 4-year period? Why a more robust inspection process when law enforcement itself suggests that unless you get up around 20 percent, you are not reaching a sufficient deterrent level?

So the question is, how do we get there and particularly in view of the fact that out of $564 million, only $106 million has been spent as of several months ago?

Mr. CHERTOFF. Let me tell you where we have been, what we have done so far, and where we are going. We screen a hundred percent of the cargo that comes, and we inspect a percentage of it based upon how we score the risk of the cargo, depending on, among other things, what we know about the shipper, what we know about the underlying cargo, whether the shipper is involved in essentially a Registered Traveler program.

And then with respect to inspection, we are in the process of deploying detectors that can detect radiation as well as nonintrusive screening devices. For example, something that allows you to essentially look into a container——

Senator KERRY. I am familiar with it.

Mr. CHERTOFF.—and determine whether there is something there that is a danger. So——

Senator KERRY. The point is that technology has existed now——

Mr. CHERTOFF. Correct.

Senator KERRY.—for some period of time. If we are on a, quote, "war footing" and we have this available funding—obviously we do not have all the money in the world, but we do have money that is unspent—why has that not been put on a sort of "war footing" deployment schedule?

Mr. CHERTOFF. Well, I think some of the money that is—when you deal with money that is unspent, I think some of that involves grants, and I think one of the issues with grants is—of course, sometimes the grantee does not spend the money that quickly. Sometimes, of course, they have to obligate the money first, as you know, and then they only draw down the money once they get the delivery of the goods.

I guess for the public, the way I would explain it is, you know, when I get a contractor in the house, first I get him to sign up with a contract, but I do not pay him the money until he does the work. Sometimes that takes a month. Sometimes it takes more than a month. And that is just kind of common sense. You do not want to pay until you get the stuff. And that is sometimes why there appears to be a delay in drawing down the funds.

Senator KERRY. A lot of Americans would ask the very practical question of how many years does it take, how many months does it take when your security is at risk.

Mr. CHERTOFF. It should not take years. And one of the things we want to do is work with our grantees to make sure they are more prompt about obligating, and getting contractors who deliver more quickly so we can pay the money out.

But I will say we have deployed dozens and dozens of—I do not have the exact figure—but many radiological detectors in ports. We have got them, a number of ports now completely covered by radiological detectors.

But again, we also want to move to the next level of technological ability which is one of the reasons we have pushed so hard for this Domestic Nuclear Detection office, because in the end, we really need to get a better quality of detector. We have a good quality now, but a better quality, and that means we have got to jump start some research and really move forward on it.

So I share your urgency. And one of the things I am very eager in doing is continuing to push our initiative overseas. We now have a number of foreign ports where we do the inspection overseas. We need to continue to do that and work with our allies overseas to really get a global network of these inspections.

Senator KERRY. Well, I could not agree more. The only frustration that I have, and a lot of people have, is that we have been talking about this for several years. This priority of getting the ports abroad involved in the full inspection, as well as the tracking security devices to make sure there has been no tampering during transit, has all been part of the discussion for a long period of time now. And it seems to me, we have been frustrated.

The last question just quickly. The light is on. Do you feel as if you—I know there has been a struggle. You testified in the House about the risk-based judgment of where the grants should go. Senator Lautenberg raised part of the risk question.

But Congress has frustrated you, to some degree, by insisting this be a competitive program. And my question to you is, do you have—do you believe the power now to be able to assert the risk, awarding of those grants sufficiently, or is Congress still standing in the way of that?

Mr. CHERTOFF. You know, I think as the President's budget proposal indicated, our fondest desire would be to have a situation in which as much of the money as possible is not driven by a geographically-based formula, but driven by risk altogether.

I think under that kind of a system, we—I do not know that you can call them winners or losers because it would not be driven by political jurisdiction. It would be driven by where the consequences would be, where the vulnerabilities are, and where the threats would be across the country.

So obviously as we move toward that, the closer we move to that, the more ability we will have to apply some of the tools. And they are, you know, pretty sophisticated tools that we are now developing that will allow us to identify where the consequences are the greatest, and use some of our intelligence to see where the threats and the vulnerabilities are.

So the more we can encourage that move, I think the happier we are going to be.

Senator KERRY. Well, I think it is important.

Thank you, Mr. Chairman.

The CHAIRMAN. Senator Lautenberg.

Senator LAUTENBERG. Thanks, Mr. Chairman.

Mr. Secretary, the obvious lesson that came out of the London bombings was to use technology effectively, wherever it is available and the pictures that were taken.

And I assume that as you look to streamline the functioning of the DHS operation that, not only will it be reassignment of personnel, or the redefinition of their responsibilities, but also the greatest employment of technology that we can get.

And I ask you this. Is DHS totally kept up-to-date on developments within the military because there are weapons, detection systems that we know at Fort Mammoth that they have developed a technique for interrupting a signal from a remote to a detonator, and things of that nature, also to deter the course of a heat-seeking missile with radar.

And all of those things help to make us safer. But I wonder, does your department get constantly kept up-to-date on these developments, even if they are not finished products to help you in your planning?

Mr. CHERTOFF. We do work with the Department of Defense on a whole range of issues including detection equipment, various kinds of countermeasure equipment to see what, in fact, technology that is developed and can be applicable here at home.

And, in fact, that is something we want to do more of, not only with respect to technology, but with respect to planning capabilities.

I have asked the Defense Department, and Secretary Rumsfeld has agreed to give us some assistance, in terms of people who can bring to our planning department the kind of capabilities the Defense Department has in integrating a large plan to react, need to be prepared to react to a potential emergency.

Senator LAUTENBERG. Do we have a fairly easy swap of intelligence information with our friends around the world? What kind of channels do we use in terms of advanced knowledge of what they are seeing in their own countries, because I wonder whether—would it make sense, or is it effectively being done now that there is a central anti-terrorist intelligence program, and whether or not it is possible to form an alliance, a functioning alliance that says, look, we are all worried about the same problems? I do not think there is any country that feels exempt from the threat.

And I wonder whether it would not be a good idea, if unless the information flow is as we would like to see it, to have a central agency composed of all of the democratic societies who are concerned about this, so that there is easy access for all countries on anything related to terrorist activity that they see.

Mr. CHERTOFF. Well, you know, we do work very closely with our allies, and we work both through intelligence channels and law enforcement channels.

And just drawing back on my experience when I was at the Department of Justice, we had very close working relationships with

a lot of countries in terms of some of what they were doing with counter-terrorism, and I think we are continuing to build on those.

Among the things we are talking to our friends about, are ways to better exchange data—fingerprint data—information about people that are turned away at one border that might present themselves at another border.

And, in fact, we are talking to some of our allies right now about ways to enhance that—well, I guess the jargon term is connectivity, giving people an ability to get some connection into our databases, obviously not unrestricted, but to look for, for example, people that have been turned away, because there are risks, from the United States. And if they want to go to England, or they want to go to another country overseas to make sure that that person's, let us say, fingerprints or name can be run against some of our databases.

I think you are quite right. I mean, the terrorists are constantly probing for seams between the democratic and freedom-loving societies, and we want to make sure we do not let them exploit that.

Senator LAUTENBERG. Mr. Secretary, since we passed legislation in the Senate that reduces the amount of grant money to the areas of highest risk to 60 percent, if that becomes law, will those restrictions harm your efficiency or your capacity to attack the problems that we are so concerned about?

Mr. CHERTOFF. Well, of course, Senator, we do not yet know what the final formula for the appropriations will be or the precise final language.

As I have said, we believe that a formula that is risk-based in terms of all of our activities, including grant funding, gives us the highest ability to use our analytical tools to make sure that we are spending our resources wisely.

Obviously, we will work within whatever constraints Congress ultimately sets in terms of the appropriations, and within those constraints, we will continue to drive as much as possible toward a risk-based approach to what we do.

Senator LAUTENBERG. Because there was a letter that you sent out, I think it was last week sometime, asking that we commit the funds, as up to 90 percent, directed to areas of highest risk. And that makes sense, I think, to everybody. And, yet, we are fighting a battle here.

And I am looking for your help on this, because we need to be sure that it is clearly understood that the place that we ought to apply our resources is to the areas of highest risk. And it is very hard to do something like that through here, as you know.

But we encourage you to continue sounding that message, and also, Mr. Secretary, to continue the assignment that you have taken on to refine the functioning of the Department of Homeland Security.

The question was asked, Mr. Chairman, about why it has taken so long. My gosh. This is probably the biggest change in government structure in the United States in the last 50 or more years. And we are grateful that you have taken on the assignment, and we encourage you to keep working on it. Thanks, Mr. Chairman.

The CHAIRMAN. Thank you.

Senator Snowe.

STATEMENT OF HON. OLYMPIA J. SNOWE, U.S. SENATOR FROM MAINE

Senator SNOWE. Thank you, Mr. Chairman. Welcome, Mr. Secretary.

The area I would like to probe today is maritime security. I Chair the Coast Guard Subcommittee on this committee. And I am deeply concerned about maritime security, and our ability to respond to those enormous challenges that represent a tremendous threat to our homeland security.

I think it is important to ensure that the Coast Guard gets the tools that are necessary to respond to those challenges. I think it is important that we implement the "Maritime Transportation Security Act" with respect to providing the necessary funds to implement the port plan.

I think it is also important that we expedite the Transportation Worker Identification Program so that we can identify the workers in the manifest and the cargo that is contained in ships coming into our ports.

And, frankly, I think we have been woefully inadequate in implementing those programs and expediting the targeted goals currently in law.

So, I would like to have you address some of those issues here this morning and what your views are.

In addition, I was also deeply concerned about the fact that recently during the course of our hearing with respect to the Coast Guard, we received a revised implementation plan for the Deep Water, a recapitalization program for the Coast Guard assets and the ships and their planes.

Frankly, the idea of requiring our men and women to serve on some of these ships, and to face the compelling challenges they do day-in and day-out, and now to have a revised plan that is suggesting that we need fewer assets than we were requesting in the pre-9/11 environment. There are fewer assets now being requested in this revised implementation plan in the post-9/11 event. And also the tremendous challenges that we are now facing, it is hard to believe we need fewer assets.

And, frankly, the idea of, you know, extending the recapitalization program of these planes and these ships for 20 to 25 years, I have proposed accelerating the time table for buying new ships and planes into a ten to fifteen year time table. Frankly, we could do that and save money.

But at the very least to target the cutters, whether it is the fast response, the national security cutters, and also the off-shore cutters in a more expeditious time table of ten to fifteen years.

I mean, the Coast Guard, and the men and women who serve in the Coast Guard, desperately need to have new assets without question. I mean, we now rank 40th of 42nd world's oldest naval fleet. You know, we are next to the Philippines and Mexico. I mean, we are in dire straits.

I cannot imagine why we would suggest extending this time table to 20 and 25 years. It simply does not make sense, certainly from national security, for putting our men and women in harm's way, and asking them to go out to sea, you know, in these, you know, rusting assets. It is more than we should ever expect.

So I would like to have some of your views on this with respect to maritime security and some of the issues that I have raised.

Mr. CHERTOFF. Well, Senator, I think I observed in my remarks last week, we view the whole issue of maritime security and marine cargo as a big priority for us. And that means looking at the entire maritime cargo system, including the security of the ports themselves, but also our ability to assure that the cargo that is coming in in containers, is cargo as to which we have either a reliable sense that we know what is in the cargo, or we have the inspection tools necessary to tell us what is in the cargo.

That involves not only continuing to do what we are doing now, which means rolling out more inspection machines and radiological detection machines, it also means continuing to work with our partners overseas in making sure that we are pushing back inspections and screening at the port of embarkation, not when the cargo actually arrives.

And ultimately what we really want to do is, again, break a little bit out of the box by going to the private sector, which really has a very capable and sophisticated machinery for keeping track of its cargo and its supply chain, and building upon that capability to give us an earlier look at the history of cargo before it comes into the final container.

One of the things I wanted to do when we had the incident, for example, right after I arrived, about illegals hiding in a container, was to try to understand how that could happen if we were doing some inspection overseas. And the answer was that at some earlier point in the chain, that particular container had been loaded on the ship, so it had not come through that last port of embarkation.

So we need to build a system that works better. But I think I take a back seat to nobody, in terms of my recognition that the danger to our ports is one of the highest consequence dangers we face, and we need to find a way to continue to elevate our defenses, but make sure we do not compromise the ability of our ports to operate.

And that is why when people say, well, you should inspect a hundred percent of the cargo, we all know that that would be the death of the port, because you could not move anything through.

As far as the port is concerned, the Coast Guard does superb service, did superb service before 9/11 and does even more superb service since 9/11. And I have sat down with the Commandant, and other top leaders of the Coast Guard and said to them, "look, we need to make sure in putting our plan forward which includes, not only capitalization of new assets, but reengineering and refitting existing assets to fill the gaps that while we may be tightening the belt, we are not tightening the belt to the point that we are actually cutting off our circulation."

In other words, the plan that we put forward is one that they assure me, and I am confident, allows us to perform the enhanced mission that Coast Guard has, without putting our brave men and women at risk, or compromising our ability to even carry out the traditional legacy missions.

Now, in a world with unlimited resources, which is not the world in which we live in, one might say let us accelerate this. But anyone, you know, sitting in this hearing understands we are also

dealing with issues of border security which demand resources, potential weapons of mass effect which require a significant investment of technology, concerns we have about our mass transit and our aviation security.

So we have to build plans that are adequate and do the job, but recognize that we have to make sure that we cover the entirety of the job and that we do not—in order to make sure that as we are enhancing resources in one area that we do not cripple ourselves in another.

Senator SNOWE. I just think I would like to work with you on this question, because I do believe that we have to come up with a much different response for the Coast Guard and in these reinvestments. They desperately need to have new ships.

And, you know, OMB is obviously where this is coming from. And I know you do not have to comment on that. But I do believe we have to do something much differently.

And I plan to look at, and hopefully working with the Chairman of this committee, to look at a revision, at least a more targeted recapitalization, you know, of ships so that at least we can get these ships online sooner, because the missions they are required to implement, I mean, talking about maritime domain awareness, they clearly need to have these ships sooner than later.

And, frankly, it will be a much greater savings in all respects rather than now using our legacy assets as part of the Deep Water solution. It simply does not make sense in all areas. So I hope we can work together on that.

Thank you, Mr. Chairman.

Mr. CHERTOFF. I look forward to doing that, and also to see if there are ways we can make the building of these vessels cheaper and quicker.

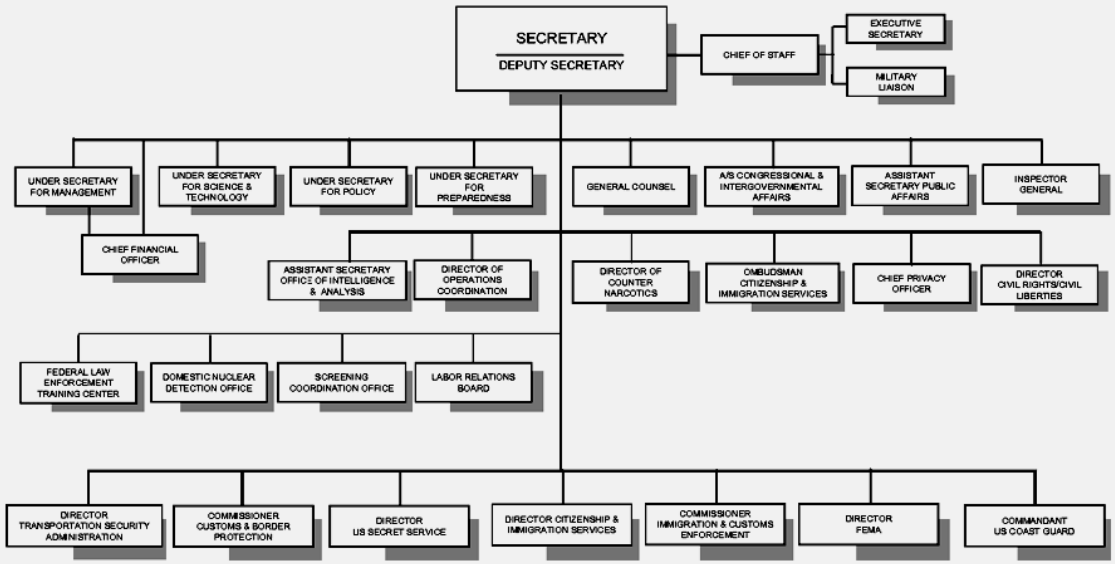
The CHAIRMAN. Mr. Secretary, it has been my policy as the Chairman to ask questions last, so I want to get down to, sort of, the guts of this thing. It is a reorganization, and I have been going over the organization chart.

As I understand it, we end up with a secretary, a deputy secretary, four under secretaries, a chief of staff, executive secretary, military liaison, three assistant secretaries, fourteen directors, and several boards.

[The information referred to follows:]

Department of Homeland Security Organization Chart

(proposed end state)

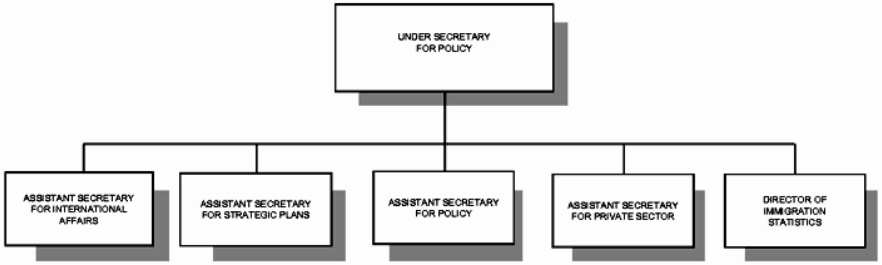


Homeland Security

07-27-05

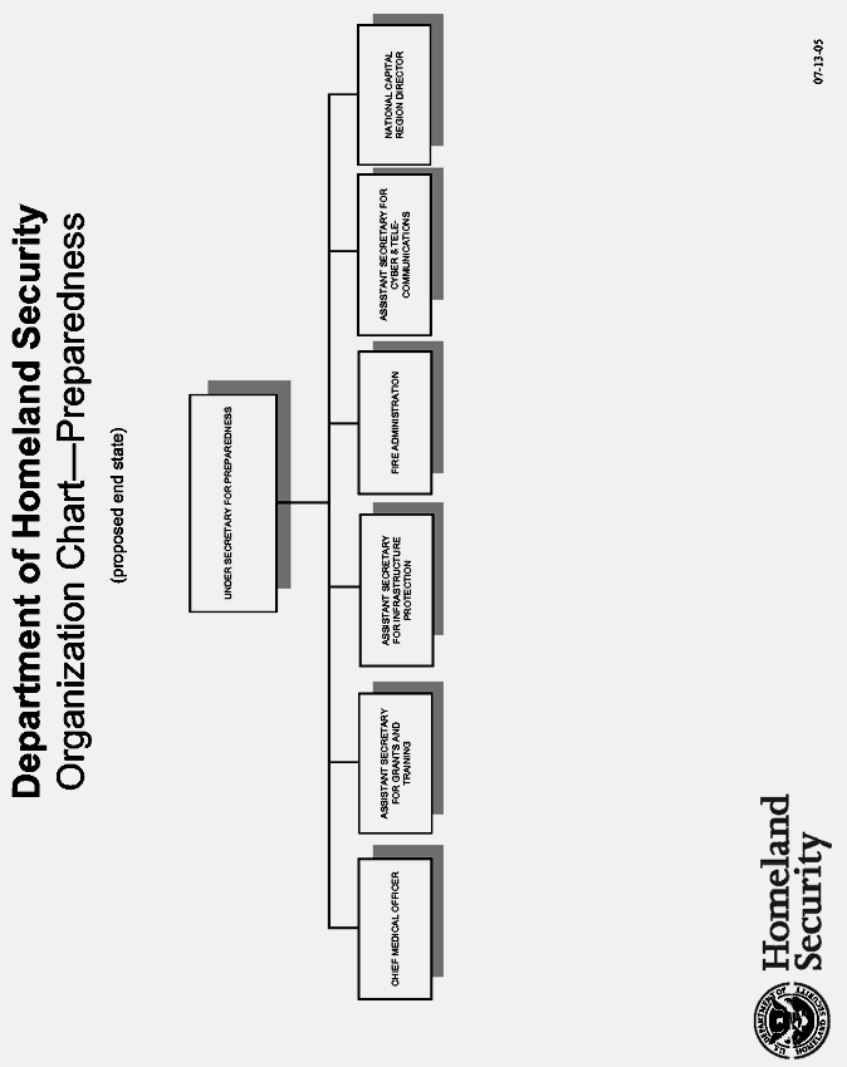
Department of Homeland Security
Organization Chart—Policy

(proposed end state)



Homeland Security

07-13-05



Well, how does this change the employment level of the Department?

Mr. CHERTOFF. Well, I think it is neutral with respect to the people who are on the line. It trims out a number of supervisors. It flattens the organization to some extent. We actually wind up eliminating the number of direct reports and the operating components which I think are where most of our people are. Actually, it flattens the distance between them and the top management of the department by eliminating a layer of appointees between the components and the top management.

The CHAIRMAN. But I remember when the Department of Defense was organized, it was supposed to bring about efficiency and everything in terms of the new directorate capability. We had a

whole series of secretaries, under secretaries and assistant secretaries. And then we still had the same organization for all the services below that.

Have you not achieved the same thing? It seems to me you are sort of top heavy.

Mr. CHERTOFF. Actually, we have actually reduced the amount of, I guess, what we would call above the water line. And what we have done is, we have flattened the management piece so that there are no additional layers of review, but we have built in, I think, greater accountability.

What we have tried to do is say, look, when we have a particular mission to accomplish, we want to make sure there is one person and one office that has the span of control, and the accountability to make sure that mission gets performed.

The CHAIRMAN. But you have transportation security, customs and border protection, Secret Service, director of citizenship and immigration, commissioner of immigration and custom enforcement, director at FEMA, and the commandant of the Coast Guard. Now, that is your operational level.

Mr. CHERTOFF. That is right.

The CHAIRMAN. No change in that by this reorganization. Those are entities that were folded into the department. But you have a new under secretary for management, a new under secretary for policy, a new under secretary for preparedness, and a new assistant secretary for Congressional and intergovernmental affairs, a new assistant secretary for public affairs, a new chief intelligence officer, and the assistant secretary for office of intelligence analysis, a new director of operations and coordination, and a new screening coordination office.

Now, that is sort of a bundle of new people.

Mr. CHERTOFF. Actually, I am happy to—maybe it will help a little bit if I indicate a lot of these actually existed and we have eliminated a lot of posts that existed. There has been currently and was in the beginning an under secretary for management. There was an under secretary for science and technology. That continues.

The under secretary for preparedness essentially replaces or retitles what was an under secretary for infrastructure protection and information analysis. While we have had an assistant secretary for legislative affairs, we are simply putting a little bit more into that person's responsibility and we have had all these other positions, some of which have been, frankly, mandated by Congress.

So, I think that we are actually reducing the number of under secretaries and people in that kind of upper-middle level.

The CHAIRMAN. I am reminded of my old friend that was Chairman of this committee for many years, Senator Magness, and he used to say that the busiest man downtown is the sign painter.

Mr. CHERTOFF. I think that is probably right.

The CHAIRMAN. The second busiest is the one with the carpet, because if you go up high enough, you get a carpet on the floor. You remember?

Now, what have you done here in terms of this? You have yourself and your deputy and chief of staff, executive secretary, and

military liaison on your organization chart right up here. Those are the people you meet with, right?

Mr. CHERTOFF. Well, actually, no. The people that I meet with—I mean, I meet with them—are the operating component heads. I mean, I am very much a believer that you, if you——

Mr. CHERTOFF. That is the bottom line, right?

Mr. CHERTOFF. Right, the bottom line there. Those are the folks who——

The CHAIRMAN. Who coordinates all this middle group?

Mr. CHERTOFF. Well, some of the middle group here is pretty thin and pretty small. I mean, the military liaison is really a few people and they essentially help us deal with the Defense Department. The Assistant Secretary of Congressional and Intergovernmental Affairs should be dealing with——

The CHAIRMAN. Pardon me. But you do have four under secretaries——

Mr. CHERTOFF. Right.

The CHAIRMAN.—but only three assistant secretaries. That is sort of reverse of the normal government process.

Mr. CHERTOFF. Actually, what happened is all these folks at the bottom are people who used to be assistant secretaries. And we have essentially retitled them. Again, to make it clear——

The CHAIRMAN. But none of them on your chart, none of them show any interaction with this group in the middle, with the operational people. These are all advisors to you, right? They are not subject to the control of the under secretaries at all, at least if I understand how to read these charts.

Mr. CHERTOFF. The charts are probably a little bit more simple than, you know, perhaps they should be. Basically we divide the components into two pieces. There are the operating components that basically own most of the assets and have most of the people. And those are along the bottom.

Then we have various components that perform functions that you would in some ways consider staff functions. They service the whole department as a whole. That has to do with management. That allows us to unify our procurement, our management, and our financial operations across the whole department.

General counsel, which makes sure all the legal stuff is coordinated; Congressional affairs, which coordinates all the legislative affairs; and then you have some under secretaries that perform again a function that tends to span the entire department.

Science and technology gives us the backbone, the research backbone that supports all the operating components as well as State and local government and things like that.

Policy, again, it is a function that is a staff function. It helps us drive policy and planning for the whole department. It is not something that people report through.

And preparedness, again, is a somewhat unique position because it reflects an unusual mission we have in the department which is with respect to a lot of preparedness. We do not own the assets or employ the people. It is the State and local government and the private sector that does. We have to network that. And we need to have one person who is responsible for managing that network for the department.

So all these under secretaries essentially are operating across the department. They are dealing with the components for expertise and for coordination, but they do not own most of the people, and they do not own most of the stuff.

Most of the people and most of the assets are controlled or owned by the individual components. I mean, although pictorially they are at the bottom, it does not really represent their importance.

The CHAIRMAN. Senator Lautenberg has a question, and then I am going to ask you my last question.

Go ahead.

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

It is kind of mystifying when you say, Mr. Secretary, that a hundred percent of the cargo coming in is screened. And it is a little confusing.

Are we talking about looking at manifests? And what do we do about those ports where the screening operation is done, kind of, considerably ahead of the time for shipment?

Mr. CHERTOFF. I think screening, as you pointed out, does not involve actual physical inspection. What it does do is, it takes information from the manifest, what we know about the ship or what we know about the port and other information, and based upon an algorithm or an analysis that includes intelligence that we gather rates them in terms of their risk and whether we believe it is, based on any number of these characteristics, we think it is risky cargo or not risky cargo.

And then there is, of course, a range in the middle where there is some judgment that is exercised based on some additional gathering of facts.

So what we do is, we target those elements of cargo that based on all of these considerations, are those that we have some serious question about. And those do get inspected. They get inspected either nonintrusively or even sometimes by breaking into the cargo.

So although the manifest and the information is one element of this, it is not the only element. There are other elements as well.

Part of what we try to build into this is a, kind of, registered cargo program, where certain companies do have arrangements where if they put into place some protective measures, that essentially gives them a higher reliability score in terms of what we inspect.

Senator LAUTENBERG. Thanks, Mr. Chairman.

Mr. Secretary, I want you to know that included in the bill now under port security is a risk assessment, the basis for distribution. I hope that we will be able to do that in other programs as well.

Thanks, Mr. Chairman, for your patience.

The CHAIRMAN. Mr. Secretary, my last comment is this. We have jurisdiction over all forms of these containers, surface, transportation, ocean, and road, and air. We have got to get a hold on this container thing.

I would like to suggest that we arrange a meeting with your people and just take the whole gang of this committee down to your department, and have some sort of briefing of how you are handling this problem, where are the problems, because I think we do not have time for everyone to ask the questions. We are much better off if we just got a little bit of a lecture from your people.

Last, the bottom line. How much does this increase the cost of doing business for homeland security?

Mr. CHERTOFF. The reorganization is neutral as to cost. What it does do is it will hopefully save us, actually save us money and certainly aggravation, in making sure we are able to do what I think the public and Congress expected us to do when they set it up which is running one department which is focused on bringing all the tools together to accomplish the very important things we have to accomplish.

The CHAIRMAN. Well, I admire what you are doing, but some of us are on both this committee and the Appropriations Committee. And this is the department that is ever increasing its costs. I hope you are right.

Thank you very much.

Mr. CHERTOFF. Thank you, Mr. Chairman.

[Whereupon, at 12:37 p.m., the hearing was adjourned.]

○