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TRANSPORTATION WORKERS IDENTIFICATION CREDENTIALS FOLLOW-UP

(110–93)

HEARING

BEFORE THE

SUBCOMMITTEE ON
COAST GUARD AND MARITIME TRANSPORTATION

OF THE

COMMITTEE ON
TRANSPORTATION AND
INFRASTRUCTURE
HOUSE OF REPRESENTATIVES

ONE HUNDRED TENTH CONGRESS

SECOND SESSION

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January 22, 2008

SUMMARY OF SUBJECT MATTER

TO: Members of the Subcommittee on Coast Guard and Maritime Transportation

FROM: Subcommittee on Coast Guard and Maritime Transportation Staff

SUBJECT: Follow-up Hearing on Transportation Worker Identification Credential

PURPOSE OF THE HEARING

On Wednesday, January 23, 2008, at 2:00 p.m., in Room 2167 Rayburn House Office Building, the Subcommittee on Coast Guard and Maritime Transportation will meet to examine the roll-out of the Transportation Worker Identification Credential ("TWIC"). Active enrollment has been underway for approximately 90 days.

CREATION OF TWIC-BASED ACCESS CONTROL PROGRAM

Section 70105 of Title 46 of the United States Code (46 U.S.C. 70105) requires the Department of Homeland Security ("DHS") to issue a biometric credential to ensure that workers who pose a risk to the national security of the United States do not have unescorted access to the secure areas of sensitive maritime facilities, including ports and vessels.

According to Section 70105, anyone who needs unescorted access to secure areas of vessels, ports, and other transportation facilities is required to obtain a TWIC. Such individuals include, but are not limited to, port facility employees, longshoremen, truck drivers, contractors, and any others who may require unescorted access to the secure areas of a facility or vessel as part of their work responsibilities. In addition, all individuals who hold merchant mariner credentials issued by the United States Coast Guard are also required to obtain TWIC cards.

The Coast Guard and the Transportation Security Administration ("TSA") have issued regulations that require vessel owners/operators to begin controlling access to secure areas of vessels through use of the TWIC by September 25, 2008. The Coast Guard has not yet announced

when shore-based facilities will be required to utilize TWICs to control access to secure areas, though compliance is expected to be phased in by Coast Guard "Captain of the Port" zones beginning with high volume port areas.

IMPLEMENTATION OF THE TWIC-BASED SECURITY SYSTEM

TSA is responsible for the issuance of TWIC cards to individuals. As part of this process, TSA conducts background checks on enrollees and produces the physical TWIC cards. TSA also handles requests for waivers from those individuals who initially have been disqualified from receiving a TWIC.

TSA has contracted with Lockheed Martin to manage the enrollment process. The contract awarded by TSA to Lockheed covers an initial 15-month period and provides four options that allow the contract to be extended through a total of five years.

Under the contract, Lockheed is responsible for operating enrollment facilities. Lockheed personnel staff the enrollment centers and collect enrollment data from TWIC applicants. This data is then submitted to TSA, which conducts the required background checks on the applicant and produces the TWIC cards for approved applicants. Completed TWICs are then shipped to Lockheed, which distributes the cards through the enrollment centers it operates. Lockheed and its corporate partners are also responsible for conducting all outreach activities to inform workers in the maritime industry of the implementation of the TWIC program and of how TWIC cards can be obtained from enrollment centers.

The United States Coast Guard is responsible for enforcing the use of the TWIC card to control access to secure parts of transportation facilities and vessels. The Coast Guard's responsibilities include publishing the final rule that will guide the installation of the card readers that will be used to read TWICs for access control purposes and then enforcing the proper use of card readers. The Coast Guard is also responsible for reviewing and enforcing vessel and facility security plans (through which secure areas are designated).

The TWIC program is not meant to replace any access control measures that individual facilities put in place. Individual transportation facilities can incorporate the TWIC card into their existing physical access control systems.

ESCORTING/MONITORING

Facilities and vessel owners/operators are required to exercise responsibility for controlling access to secure (and restricted) areas of their property, including ensuring that non-TWIC holders who enter secure and restricted areas (restricted areas are areas within secure areas that have additional entrance requirements because they may present a heightened opportunity for a transportation security incident) are escorted by TWIC holders and that non-TWIC holders who enter areas that are secure but not restricted are at least monitored by TWIC holders. Monitoring can be accomplished by close-circuit television, security patrols or automatic intrusion detection devices. If non-TWIC holders are being monitored, the monitoring process must enable sufficient

observation of the non-TWIC holder to ensure that the facility owner/operator can respond quickly if the non-TWIC holder enters an unauthorized area or engages in unauthorized activities.

ELIGIBILITY FOR A TWIC

U.S. nationals are eligible to hold TWICs, as are certain non-U.S. citizens who are lawfully present in the United States. Non-U.S. citizens who may hold TWICs include, but are not limited to, those individuals who are lawful permanent residents and individuals who hold any of a variety of work-related visas that make a non-U.S. citizen eligible to work in the U.S. maritime industry.

The SAFE Port Act of 2006 required DHS to permanently disqualify any individual convicted of treason, espionage, sedition, or terrorism from ever receiving a TWIC. This list was amended last year in the Implementing Recommendations of the 9/11 Commission Act of 2007, which enacted a set of crimes that constitute "permanent disqualifying criminal offenses" and a set of crimes that constitute "interim disqualifying felonies."

Permanent Disqualifying Crimes

Those who are convicted of the following crimes – or who are found not guilty of these crimes by reason of insanity – are permanently disqualified from receiving a TWIC:

- Espionage, or conspiracy to commit espionage.
- Sedition, or conspiracy to commit sedition.
- Treason, or conspiracy to commit treason.
- A federal or state crime of terrorism, or conspiracy to commit such a crime.
- A crime involving a transportation security incident resulting in a significant loss of life, environmental damage, transportation system disruption, or economic disruption in a particular area. (Work stoppage, or other nonviolent employee-related action resulting from an employer-employee dispute is not considered to be a transportation security incident.)
- Improper transportation of a hazardous material as defined in federal or State law.
- Unlawful possession, use, sale, distribution, manufacture, purchase, receipt, transfer, shipping, transporting, import, export, storage of, or dealing in an explosive or explosive device, as defined by federal regulation.
- Murder.
- Making a threat, or maliciously conveying false information knowing the same to be false, concerning the deliverance, placement, or detonation of an explosive or other lethal device in or against a place of public use, a state or government facility, a public transportation system, or an infrastructure facility.
- Violations of the Racketeer Influenced and Corrupt Organizations Act or any comparable state law, where one of the predicate acts found by a jury or admitted by the defendant consists of one of the crimes listed above.
- Attempt to commit espionage, sedition, treason, or terrorism.
- Conspiracy or attempt to commit the remainder of the crimes above.

Interim Disqualifying Felonies

If an applicant is convicted of any of the following crimes – or is found not guilty of any of these crimes by reason of insanity – within seven years of the date of their application for a TWIC, or if the applicant was released from incarceration for one of these crimes within five years of the date of his or her application for a TWIC, the applicant is disqualified from receiving a TWIC for the specified interim period. The crimes are:

- Unlawful possession, use, sale, manufacture, purchase, distribution, receipt, transfer, shipment, transportation, delivery, import, export of, or dealing in a firearm or other weapon, as defined by federal regulation.
- Extortion.
- Dishonesty, fraud, or misrepresentation, including identity fraud and money laundering where money laundering is related to any of the list of permanently disqualifying crimes or interim disqualifying crimes. (Welfare fraud and the passing of bad checks do not constitute dishonesty, fraud, or misrepresentation of purposes of this paragraph.)
- Bribery.
- Smuggling.
- Immigration violations.
- Distribution of, possession with intent to distribute, or importation of a controlled substance.
- Arson.
- Kidnapping or hostage taking.
- Rape or aggravated sexual abuse.
- Assault with intent to kill.
- Robbery.
- Conspiracy or attempt to commit the crimes listed above.
- Violations of the Racketeer Influences and Corrupt Organizations Act, or comparable state law other than the violations listed in the previous paragraph, for fraudulent entry into secure seaport areas.

A person under warrant or indictment for any of the disqualifying crimes may also not hold a TWIC until the warrant is cleared or the indictment is dismissed.

THE TWIC CARD

The physical TWIC card is based on smart card technology. It contains an integrated circuit chip that provides biometric identification without requiring a connection to a central database. The card also provides room for the addition of future technology applications.

The TWIC card's chip can be read either by inserting the card into a slot in a card reader or by holding the card within 10 centimeters of a card reader that does not require physical contact with the card to verify the information on the card. Additionally, the card contains a magnetic stripe (such as is commonly found on credit cards) that can be swiped through a stripe reader and the card features a bar code that can be read by a bar code reader. TWICs will be used in card readers in

conjunction with PIN numbers which card holders select at the time of activation of the TWIC and which must be entered into the readers when the TWIC is used for access control purposes.

Before TWIC card readers are installed on vessels and at transportation facilities, access to secure areas will be controlled by visual inspection of TWIC cards. After card readers are in place at transportation facilities, TWICs will be scanned through the card readers. The final rulemaking explaining where such readers will be required to be installed (including the types of vessels that will be required to install them) has not yet been promulgated by the Coast Guard.

Importantly, possession of a TWIC does not bestow the right of entry into a secure area on the card holder. Access to a secure area is always controlled by the owner and/or operator of a vessel or facility.

THE TWIC ENROLLMENT PROCESS

An individual applies for a TWIC card at an enrollment center. According to TSA, a total of 147 permanent enrollment centers will eventually be opened in the United States. The enrollment centers are being opened on a rolling basis. The first enrollment center opened in Wilmington, Delaware, on October 16, 2007. As of January 11, 2008, 49 TWIC enrollment centers had been opened around the nation, and an additional 20 mobile enrollment centers had been established.

Mobile centers are enrollment stations that are set up in locations – such as at a maritime facility or in the office of a large maritime employer – that are not directly controlled by Lockheed. Mobile centers offer Lockheed the opportunity to enroll large populations concentrated in a single location.

Pursuant to section 520 of the Department of Homeland Security Appropriations Act, 2004 (P.L. 108-90), the recipients of the TWIC card must cover the full costs of the program. The cost of applying for a TWIC is $132.50. Enrollment for a person who has previously completed a criminal history check equivalent to that required for TWIC enrollment costs is $105.25. Equivalent checks include checks conducted prior to the issuance of a Hazardous Materials Endorsement, a Free and Secure Trade card, a Merchant Mariner Document issued after February 3, 2003, or a Merchant Marine License issued after January 13, 2006. The cost of replacing a lost or damaged card is $60.

The TWIC card is valid for five years from the date of issuance. Cards issued on the basis of security checks associated with other documents are valid for the five-year period from the date listed on the credential for which the comparable security threat assessment was conducted.

Original estimates had projected that approximately 750,000 individuals would need a TWIC card. DHS now indicates that the total population needing a TWIC may actually be as high as one million individuals. According to TSA, as of January 15, 2008, nearly 109,000 pre-enrollments had been initiated; 48,873 enrollments had been completed; 25,366 TWIC cards had been printed (as of January 14); and 11,795 cards had been picked up and activated. Average enrollment time was reported by Lockeed to be 10.61 minutes, but there have been reports from applicants of wait times ranging from two to five hours.

Those applying for a TWIC are able to complete a pre-enrollment process over the Internet. Through that process, the applicant submits his/her personal information and then makes an appointment to come to an enrollment center where he/she completes the enrollment process. Applicants may also walk in to an enrollment center without completing the pre-enrollment process on-line but they will have to wait in line for a turn. Pre-enrolling is estimated to save an applicant 10 minutes at the enrollment center.

At the enrollment center, applicants submit a 10-digit fingerprint scan and provide identity verification documents; a digital photograph is also taken. This information is submitted by Lockheed to TSA. TSA conducts a fingerprint-based criminal background check on all TWIC applicants; TSA also checks applicants against terrorism watch lists and databases and performs an immigration status check.

Lockheed reports that the fingerprint rejection rate (due to poor print quality) among TWIC applicants is approximately two percent. Currently, individuals whose fingerprints are rejected must return to an enrollment center to submit a second set of fingerprints. The FBI, which conducts the actual fingerprint-based criminal background check, requires that fingerprints be submitted for consideration twice. If, after two attempts, the FBI cannot read a set of fingerprints, the individual's name will be submitted for a name-based criminal background check. Although not currently available, Lockheed reports that it is working to automatically capture two sets of fingerprints at the time of enrollment.

After an applicant's security assessment has been completed and if he or she is approved to receive a TWIC, he or she will be notified that his or her TWIC is available for pick-up at the same center in which he or she enrolled. During the pick-up process, the applicant's identity is again verified through a fingerprint recognition system. The applicant's card will be activated after the applicant has selected and stored on the card a 6-digit PIN number (which is used with the TWIC in TWIC readers).

Significant delays have been encountered by some individuals visiting enrollment centers to pick up and activate TWICs. Lockheed reports that it is planning to reduce such delays by enabling individuals to make pick up/activation appointments in the same way that individuals who pre-enroll for a TWIC can make an appointment to complete the enrollment process. Lockheed has indicated that pick-up appointments may begin to be available in early February.

WAIVERS FOR DISQUALIFYING OFFENSES

TSA can reject an application for a TWIC for past criminal history or for determination on any basis that the applicant poses a threat to the security of the United States. If the applicant feels that the assessment of threat is based on incorrect information, the applicant may file an appeal with the TSA. As part of the appeal, the applicant must provide proof that TSA's information is in error. As of January 13, 2008, 817 individuals had been sent initial disqualification letters, 270 appeals had been requested, and 216 appeals had been granted.

If the applicant does not dispute information used by TSA to disqualify him or her from holding a TWIC, but wishes to argue that he or she is not a threat to the security of a transportation facility, he/she can seek a waiver from TSA. An individual seeking a waiver in response to the

TSA's determination that he or she is not qualified to hold a TWIC must provide all information needed to support their waiver requests within 60 days from the time they receive notice that his or her application for a TWIC was rejected.

If an applicant knows that there is something in his or her background that may disqualify him or her from receiving a TWIC, the applicant can also file a request for a waiver at the time he or she submits his or her initial application.

If TSA rejects a waiver request, the agency will issue a Final Determination of Threat Assessment, explaining why the agency has rejected the application for the waiver (and the TWIC application). An applicant may seek review of the Final Determination by an Administrative Law Judge ("ALJ") by requesting the review within 30 days of receiving TSA's Final Determination; requests for ALJ review can include requests for in-person hearings before the ALJ. These requests for reviews will be considered by the Coast Guard Administrative Law Judge system.

If an ALJ upholds TSA's Final Determination of Threat Assessment and the concomitant denial of the waiver request, the applicant can appeal that finding to the TSA Final Decision Maker. If the TSA Final Decision Maker denies that appeal, that decision is considered final agency action. The applicant can then appeal that decision to the Court of Appeals.

If the ALJ grants the waiver request, the TSA can agree with that decision and grant the waiver – or the TSA Final Decision Maker can reverse the ALJ decision by upholding the Final Determination of Threat Assessment. If the TSA Final Decision Maker reverses the ALJ decision and denies the waiver, the applicant may appeal that decision to the Court of Appeals.

TSA indicates that as of January 13, 2008, 10 waivers had been requested but no decisions had been reached by TSA on these waiver requests. As a result, no cases have been appealed to the ALJ system.

NEW HIRE WORK AUTHORITY

Individuals who are newly hired in the maritime industry are allowed to enter secure areas of a vessel or a transportation facility for 30 days if (1) they have applied for a TWIC; (2) they state in writing that they will not be applying for a waiver; (3) they have passed a name-based security check by TSA; and (4) they are monitored in secure areas by employees who hold a TWIC. Newly hired employees must use a government-issued ID to obtain admission to a secure area. Facilities and vessels are not allowed to have more than 25 percent of their workforce using this authority. Further, the new hire work authority does not apply to newly hired personnel who will have vessel/terminal security as their primary work responsibility.

REVOKED TWICS

Individuals who have been convicted of a disqualifying offense or who no longer meet applicable immigration standards are required to notify TSA of these situations and to relinquish their TWICs to their employer, TSA, or to an enrollment center.

TSA has created a "hot list" that lists all invalid TWICs (including TWICs that have been revoked or been reported missing). It is necessary for vessels and port facilities to check the "hot list" regularly to become aware of TWICs that are invalid and to ensure that such TWICs are prohibited from being used to gain unescorted access to secure areas of transportation facilities.

PREVIOUS COMMITTEE ACTION

The Subcommittee on Coast Guard and Maritime Transportation has held numerous hearings to review the TWIC program. Most recently, the Subcommittee held a hearing on the program on July 12, 2007. During that hearing, the Subcommittee received testimony from the Coast Guard and TSA regarding the planned roll-out of the TWIC and received testimony from a number of witnesses in the maritime industry who expressed concerns about how the TWIC roll-out process would proceed when it was initiated. The Subcommittee Chairman committed at that time to hold a follow-up hearing that would enable the Subcommittee to receive a status report on the roll-out of TWIC once enrollment had begun.

WITNESSES

PANEL I

Rear Admiral Brian Salerno
Assistant Commandant for Marine Safety, Security, and Stewardship
U.S. Coast Guard

Ms. Maurine Fanguy
TWIC Program Manager
Transportation Security Administration

PANEL II

Ms. Judy F. Marks
President
Lockheed Martin
Transportation and Security Solutions

The Honorable John Porcari
Secretary
Maryland Department of Transportation

TRANSPORTATION WORKERS IDENTIFICATION CREDENTIALS FOLLOW-UP

Wednesday, January 23, 2008

HOUSE OF REPRESENTATIVES,
COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE,
SUBCOMMITTEE ON COAST GUARD AND MARITIME TRANSPORTATION,
Washington, DC.

The Subcommittee met, pursuant to call, at 2:00 p.m., in Room 2167, Rayburn House Office Building, Hon. Elijah E. Cummings [Chairman of the Subcommittee] presiding.

Mr. CUMMINGS. This Subcommittee will come to order.

Today, the Subcommittee convenes to receive an update on the roll-out of the Transportation Worker Identification Credential, more commonly known as the TWIC Card.

On July 12th of this last year, the Subcommittee convened for its first hearing on the TWIC Card in the 110th Congress. During that hearing, a number of questions were raised, both about how the enrollment process would function and particularly about how the waiver process for those initially determined to be unqualified to hold the TWIC would be managed. At the end of that hearing, a number of questions remained unanswered, in large part because the enrollment process had to actually commence before some details about how it would proceed could be known. As a result, I promised that, at that time, that the Subcommittee would reconvene to receive a status report on the roll-out of TWIC. That promise is hereby fulfilled with the hearing we convene today.

The TWIC enrollment process has now been underway for 90 days. The Transportation Security Administration, which is represented by Ms. Maurine Fanguy, the TWIC Program Manager, reported to the Subcommittee that as of January 11th, 49 out of 147 planned enrollment centers had been opened. Approximately 109,000 pre-enrollments have been initiated. Just under 50,000 enrollments have been completed. Just under 12,000 physical TWIC Cards have now been distributed to workers in the maritime community.

Some problems with the enrollment process have been encountered. For example, the TSA originally estimated that 750,000 individuals in the maritime community would enroll in the TWIC Program, but it now estimates that at least 1 million individuals will need TWIC Cards. Extensive wait times have also been encountered by some individuals who were picking up and activating their TWIC Cards; though I understand that Lockheed Martin is planning to allow individuals to set up appointments to pick up their

cards, and appointments can now be made to complete the enrollment process.

There are important questions about the enrollment process, including questions that are being posed of us by workers in the maritime industry, that we will ask of our witnesses a little bit later on in this hearing. However, while we have waited several years for the roll-out of TWIC, it appears that this time was used constructively to put in place the processes that are enabling the relatively smooth roll-out that is now underway. I commend the parties involved, including TSA and its contractor, Lockheed Martin, for their efforts.

Importantly, the TWIC Card is intended to be used to ensure that those who pose a threat to the security of our Nation's maritime facilities and vessels are not allowed access to the secured areas of these properties. While the card is finally being distributed to those who work in and around the maritime industry, the Coast Guard has not announced when land-based facilities will need to begin to use the cards to control access to secured areas. At the same time, the Coast Guard has not yet promulgated the role that will explain which types of vessels will need to utilize the card to control access to secured areas. Until those two components of the TWIC-based security system are in place, the TWIC Card cannot serve its intended purpose.

Therefore, we are eager to hear from the Coast Guard's representative, Rear Admiral Brian Salerno, as to when these two important announcements will be made. That is something that we are extremely interested in. I am also pleased that today's hearing will give the Subcommittee the opportunity to hear from a major port, the Helen Delich Bentley Port of Baltimore. Former Congresswoman Bentley is in the room.

We are very glad to have you. It is nice to have a port named after you, too, in my city. I really appreciate that.

He will testify regarding the port's experiences with the TWIC Card and the enrollment process thus far, represented by Maryland's Transportation Secretary John Porcari, whom it is my honor to welcome to the Subcommittee. The port will also be able to give insightful information on how its security officials are incorporating the TWIC Card into existing access control measures.

As many of you who follow this Subcommittee know, I am convinced that simply holding a hearing to discuss matters is not an adequate step to truly addressing the matter. Hearings must be followed by vigilant oversight of promised actions and by ongoing investigations of continuing developments. TWIC will be a central feature in the maritime security regime in our Nation going forward, and our Subcommittee will continue to be vigilant about the roll-out of this security measure. I look forward to today's testimony. I emphasize that we will reconvene the Subcommittee on this topic whenever it is necessary to receive an update or to address issues as they arise.

With that, I am very pleased to yield to the distinguished Ranking Member of this Subcommittee, Mr. LaTourette.

Mr. LATOURETTE. Thank you, Mr. Chairman, and thank you for this hearing. I think this is our first hearing of the new year. So

happy new year to you, and I look forward to working with you in 2008, as I enjoyed working with you in 2007.

The Subcommittee is meeting this afternoon to continue its oversight over the implementation of the Transportation Worker Identification Credential program at U.S. ports. After more than 4 years of delay, the Department of Homeland Security is receiving applications for the TWIC, and it is in the process of issuing TWIC Cards to maritime workers in ports nationwide. This includes the Port of Cleveland where the TSA has begun enrolling merchant mariners, port workers, truck drivers, and others. It started that process, I believe, in November.

I hope that the witnesses will give us an update on the progress that is being made in Cleveland and in other ports since the beginning of the roll-out. The TWIC is a critical component of our multi-layered port security framework. I thank all of the witnesses for appearing this afternoon, and I look forward to receiving an update on the implementation process and a report on the lessons that have been learned over the past 4 months.

Again, thank you, Mr. Chairman. I yield back my time.

Mr. CUMMINGS. Thank you very much.

I understand, Mr. Taylor, you have an opening statement.

Mr. Coble.

Thank you very much.

We will now call on Rear Admiral Brian Salerno, the Assistant Commandant for Marine Safety, Security and Stewardship, the United States Coast Guard. Ms. Maurine Fanguy is the TWIC Program Manager for the Transportation Security Administration.

We want to thank both of you for being here. We'll start with you, Rear Admiral.

STATEMENTS OF REAR ADMIRAL BRIAN SALERNO, ASSISTANT COMMANDANT FOR SAFETY, SECURITY AND STEWARDSHIP, U.S. COAST GUARD; AND MAURINE FANGUY, TWIC PROGRAM MANAGER, TRANSPORTATION SECURITY ADMINISTRATION

Admiral SALERNO. Good afternoon, Mr. Chairman, Ranking Member LaTourette and distinguished Members of the Subcommittee. Thank you for this opportunity to update you on the progress and on our future plans for the TWIC Program.

As has been reported, TSA began enrollment in mid-November. So far, only a small percentage of the total estimated population of maritime workers has been enrolled. Nevertheless, this is a strong indication that the extensive preparations that have been made over the past few years have finally begun to bear fruit and that we are now progressing towards the level of security that we envisioned in the Maritime Transportation Security Act and in the SAFE Port Act.

As we move forward, we are also very mindful of the effects that TWIC requirements will have on individuals and their livelihoods, and so we continue to strive to achieve the right balance so that we obtain the necessary level of security and at the same time facilitate commerce.

Since enrollment began, the Coast Guard has assisted TSA and Lockheed Martin by serving as a conduit of information to affected worker populations in port communities. We also receive feedback

from the maritime customers on the enrollment process, and by working together with TSA, we help to identify areas of potential improvement. Correcting problems as they occur is especially important as we move forward to enrolling the vast majority of maritime workers in the months ahead.

As an example, based on field observations, we are working with TSA to develop the process whereby maritime workers may schedule an appointment, as you mentioned, Mr. Chairman. This is responsive to the feedback we have received from our customers that indicates significant time could be saved and would streamline the overall process.

As enrollment moves forward, we are also working on the proposed rulemaking that will address the requirements for regulated vessels and facilities to obtain electronic card readers, which will be used to verify the TWIC holder's identity. Card readers are, as you mentioned, a key step in fully realizing the security benefits of TWIC. However, there are technical challenges which remain, and there are potentially adverse effects on small businesses and small vessels, which we must address as part of this rulemaking effort. We know from experience with the overall TWIC Program that a simple concept often masks a great deal of complexity, and so we continue to collaborate with our stakeholders and to move forward deliberately and thoughtfully to leverage the security benefits and capabilities of TWIC in a risk-based manner.

A key component of the new rule will be the operational and technical data from the TWIC reader pilot tests required by the SAFE Port Act. TSA and the Coast Guard have identified geographically diverse ports and vessel operators willing to participate in the reader pilot testing. These tests are planned for in the Ports of Los Angeles/Long Beach, New York/New Jersey, and Brownsville, Texas. Vessel operators, specifically Catalina Express in California, the Staten Island Ferry system in New York and Watermark Cruises, a small passenger vessel operation in Annapolis, Maryland, have also volunteered to participate and have received grants to purchase and to install readers. In addition, we reached an agreement just this past week with Magnolia Marine of Vicksburg, Mississippi, to perform a pilot test on a towing vessel.

The initial planning and testing protocols have been developed, and we look forward to deploying and testing readers in real-world environments in the coming months. We will not publish the final TWIC reader requirements until the pilot project is complete.

In the meantime, to maximize the security benefits of the current TWIC requirements, the Coast Guard intends to purchase and to deploy handheld readers to be used during routine and unscheduled vessel and facility security exams. After the compliance state is reached in a given port, the Coast Guard will use the card readers to randomly check the validity of an individual's TWIC. This is an interim measure until the card reader requirements are established.

While we have made significant strides in the initial deployment phases of this program, we acknowledge that the process has presented some challenges, and inevitably, we will encounter more in the months ahead as can be expected in any new endeavor of this magnitude and complexity. However, as we have done in the past,

we will to the very best of our ability continue to address each new challenge with a careful eye on the public interest and customer concerns. We will be pleased to keep you informed on our progress.

Thank you, Mr. Chairman. I look forward to your questions.

Mr. CUMMINGS. Thank you very much.

Ms. Fanguy.

Ms. FANGUY. Good morning, Chairman Cummings, Ranking Member LaTourette, and distinguished Members of the Subcommittee. My name is Maurine Fanguy, and I am the Program Director for the Transportation Worker Identification Credential Program, also known as TWIC. I appreciate this opportunity to update this Subcommittee on the progress that we have made since I last testified before you in July.

Today marks 90 days since we began TWIC enrollment. In that short amount of time, we do have some major accomplishments to report. We have enrolled over 56,000 workers. We have pre-enrolled over 120,000 workers at 54 enrollment centers across the country. We have partnered with 19 local businesses, unions, and industry groups to take TWIC to the workers at their places of business.

As an example, in Baton Rouge, we have partnered with several companies, such as Exxon Mobil and Shell, to set up mobile TWIC enrollment centers, and we have processed over 2,000 workers across these locations. We have reached over 2,000 enrollments daily, and that number is climbing. We have sustained average enrollment times of just over 10 minutes.

TWIC is the largest biometric Smart Card program of its kind in the world. As leaders in Federal credentialing, we continually analyze data from the field to find ways to streamline processes, to refine the technology and to make TWIC easier and more convenient for the workers. We receive nearly daily field reports from our TSA Government Quality Assurance Team, from the Coast Guard and from Lockheed Martin. This information is critical in managing the program, in identifying issues early and in resolving problems quickly.

As an example, during the first few weeks in Baton Rouge, metrics for wait times and throughput were higher than we wanted. I, personally, visited stakeholders there to discuss our plan of action, including increasing the number of workstations fivefold and in offering mobile enrollment to stakeholders there. Current metrics show that wait times are down, and we will continue to track wait times to ensure that they are within range. I will be back in Baton Rouge next week to follow up with stakeholders and to ensure the effectiveness of our plan.

Another example is in the area of card activations. When TWIC first rolled out, we offered appointments for initial enrollments. We have received feedback from workers that this is a convenient option, and it keeps wait times down on the enrollment side. When workers come back to pick up their cards, we have found that wait times in some cases are longer than we would like. This is not acceptable to us, and we are taking immediate action to increase capacity, to reduce wait times, and to improve customer service for card activation. In that spirit, we are piloting card activation appointments in Baton Rouge in early February. This will be rolled

out nationally after successful piloting, and we believe it will make card activation more convenient for workers.

We also have an aggressive plan to double activation through-put by the end of this month and to double it again by early March. We expect card activation capacity to match the pace of enrollment by early spring. With these new upgrades, card activation and pick-up will be much easier for workers. We closely monitor fingerprint quality metrics, and we are currently well within range of industry standards for fingerprint processing.

We also are expanding on the success of the 19 mobile enrollment partnerships to date, and we are in active discussions with stakeholders across the Nation to take TWIC to the workers. We want to recognize the innovation of our port partners in the TWIC Program, such as the Port of Baltimore, who are leading the integration of the credential into their existing reader systems.

We have several milestones to report on the TWIC reader pilot. We held kickoff meetings over the summer with five card reader pilot participants—the Port Authorities of New York and New Jersey, Los Angeles and Long Beach, and Brownsville as well as Watermark Cruises. Most recently, Magnolia Marine was selected to represent a broad range of operating environments. We are continuing to meet with interested stakeholders to identify additional participants. We published TWIC reader specifications in September. We used the Federal Advisory Committee process to jointly develop these standards with the people who will use these readers every day in their places of business. TSA and the Coast Guard sponsored an industry day in November, which was very well attended by reader manufacturers. This is an important step in fulfilling the mandates of the SAFE Port Act.

The first 90 days represents a significant milestone as we roll TWIC into our multi-layered approach to securing our Nation's ports. We will continue to work with our partners—the Coast Guard, maritime stakeholders—and this Subcommittee to ensure the ongoing success of the TWIC Program.

Thank you for the opportunity to appear today, and I would be happy to answer any questions.

Mr. CUMMINGS. Thank you very much.

Rear Admiral, the original estimate was that there would be a need for 750,000 of these TWIC Cards. It appears that now that has been estimated to be 1 million individuals who will have to have them.

Do you think that is an accurate number or do you think we are going to have to come back to revisit that?

Admiral SALERNO. Sir——

Mr. CUMMINGS. By the way, that is quite a few people, wouldn't you agree?

Admiral SALERNO. Oh, yes, sir. That is quite a number of people. The original estimate was actually 750,000, but there was a range, actually, applied to that as well—750,000 to 1.5 million.

Mr. CUMMINGS. Okay.

Admiral SALERNO. I think, from what we have seen so far, the actual numbers will probably be at the upper end of that range, just as an estimate at this point. So it is much higher than the 750,000 but within that range.

Mr. CUMMINGS. Let us talk about these regulations because, certainly, we are very concerned about them. I understand what you are saying in that you have got to balance many things. You have got to make sure that when you do it, that it is done right. At the same time, as you probably know, our Subcommittee has been a little concerned about the Coast Guard and regulations. We have heard a lot of excuses as to why regs are not going out. Here, we have something that has deadlines set with it. You know, you talked about the pilot. Do you have a date? Is there a timetable for when you anticipate all of this being resolved? Because one of the other problems is—when we are dealing with business, there is one thing I know about business. Business folks need to know things. They need to know how to anticipate, so I am just trying to figure out—and of course, the employees and everybody. There are a lot of people involved in this. One of the reasons we come back is so that we can get answers so that we can get it out there to the maritime industry, to the port industry and to everybody to let them know what to anticipate. So help me with this.

Admiral SALERNO. Yes, sir.

Well, specifically for the cards, there are some dates already established. For example, for merchant mariners, the 25th of September 2008 is actually established in the regulation for mariners to have their TWIC. For the individual facilities—or for the ports, I should say—those dates will be announced in the Federal Register at least 90 days in advance of their required enforcement date. It can be longer than 90 days, but at a minimum, there will be a 90-days' warning so that industry will have that notification.

As far as the reader requirement and the rulemaking for that, there is a SAFE Port Act deadline. It is 2 years after the coming into effect of the law. So the time frame is early 2009, I believe April 2009, when our goal is to have the regulations published.

Mr. CUMMINGS. I understand—and correct me if this is wrong—as I understand it, those who do not have TWIC Cards can be given access to a secured area of a maritime facility if they are escorted by a TWIC holder or are monitored by a TWIC holder using a technology system that at least allows the owner-operator of a facility to respond quickly if the non-TWIC holder enters an unauthorized area or engages in unauthorized activities. I can envision a situation in which someone who really wanted to engage in a threatening or in even a terroristic activity could overpower an escort or could act quicker than someone monitoring technology could respond. I can imagine that this would particularly be a problem in the smaller facilities that do not have as many dedicated security personnel as larger facilities do.

In that case, how much security is the TWIC system really providing if those who do not have TWICs can still gain access to secured areas of maritime facilities? How will you ensure that the monitoring technologies used in such situations really allow for rapid response? I am sure you thought about that before you got here.

Admiral SALERNO. Yes, sir.

Mr. CUMMINGS. Good.

Admiral SALERNO. Sir, let me try to answer it this way.

The TWIC Card, itself, does not guarantee access to a facility. There is still a need to show that somebody who is seeking to gain entrance has business there. Now, perhaps they are an employee and they have business. If they are not an employee, they may still have legitimate business, but the facility owner has the responsibility to determine whether or not to grant access.

Now, for somebody who does not have a TWIC, we allow that flexibility for them to gain access provided the facility owner determines that they have a need to be there; provided that there is an escort or, in some cases, if they are being monitored. For example, if a facility needed to have work performed—repair work—and they needed to bring in an outside construction crew or whatever, those people may not have TWICs, but they can be monitored while that work is being performed.

We did not want to be overly prescriptive to the facility operators as to who would be allowed to gain access. We wanted to leave that to their determination. For us to be overly prescriptive would be very restrictive on how they could conduct their business. Quite honestly, they cannot work that way, so we tried to leave that degree of flexibility in the regulations. We allow the facilities to interact with the captains of the port to determine how they will manage their secured areas of their facilities as outlined in their facility's security plan.

Mr. CUMMINGS. All right.

Ms. Fanguy, I have just two questions. What is the anticipated rate of rejection for mariners applying for TWIC?

Ms. FANGUY. When we look at the TWIC population, we compare it, because of the security threat assessment process, to the Hazardous Materials Endorsement Program. On that program, we have approximately a 1 percent disqualification rate, but it is important to know that about half of those individuals receive a letter from us and they never respond back, so the rate could be lower if more people responded back to the initial determination letter.

Mr. CUMMINGS. What has been TSA's experience with the HAZMAT credentialing program regarding the number of workers who applied?

Ms. FANGUY. The HAZMAT program to date has enrolled a little over 750,000 workers across the Nation. Again, like I said, we have about a 1 percent disqualification rate on HAZMAT.

Mr. CUMMINGS. So that is your comparison?

Ms. FANGUY. Yes.

Mr. CUMMINGS. Okay. All right.

Mr. LaTourette.

Mr. LATOURETTE. Thank you, Mr. Chairman.

Ms. Fanguy, I have two quick questions on your testimony just to clarify in my mind whether my interpretation is right or your testimony.

Your testimony indicates that mariner regulations and port security plans preempt State regulations. It is my understanding that States are not preempted from imposing their own security requirements and that those plans and regulations must be in addition to and not in place of the Federal programs under Chapter 701, Title 46. So, I guess, I would ask you to clarify that first.

Ms. FANGUY. As far as the mariner regulations, that is a Coast Guard question, but in terms of the TWIC regulation, which is different from some of the mariner regulations, the TWIC regulation does not preempt States from issuing a card for their own purposes. In some cases, the State actually may be the owner or operator of a port facility. So, in that case, they may have their own credential.

Mr. LATOURETTE. Okay. Well, I will turn to the Admiral in a minute. I think that brought up my second point of confusion, and that is that your testimony indicates that TWIC regulations do not prohibit States from requiring background checks and badging systems for nonsecurity purposes. Again, it is my understanding that the TWIC regulations do prohibit States from requiring background checks and badging systems for whatever purposes, including security, but that those State background checks and badging may not be substituted for the TWIC.

Ms. FANGUY. The TWIC is required for everyone who needs unescorted access to secured areas, but the TWIC regulations, to my understanding, do not preempt States from issuing their own additional credentials. The TWIC is the baseline credential, and everyone has to have one who needs unescorted access.

Mr. LATOURETTE. Okay. Admiral, did you have something on the first part of the preemption?

Admiral SALERNO. Sir, regarding the federally mandated security plans at facilities, I will have to check with you to see if there is a Federal preemption requirement, and I will answer that for the record. Offhand, I am not aware of any situation that has come up where that has been an issue, but I will answer that for the record.

Mr. LATOURETTE. Thank you. I would appreciate that.

[Information follows:]

Please insert the following on Page 21 following line 500.

The regulations implementing the Maritime Transportation Security Act, found in 33 CFR parts 101-106, do preempt state action. For vessels and shipping companies, the Coast Guard's regulations preempt state governments from entering the field of maritime security law and regulation. For facilities, the Coast Guard regulations preempt any state law or regulation that would either actually conflict with or frustrate an overriding Federal need for uniformity.

Mr. LATOURETTE. I just have two more questions. The first one is, recently, the TWIC regulations were amended to clarify that local law enforcement officials who are not required to have a TWIC include local law enforcement personnel, fire department personnel and emergency response personnel.

My question is: Have you identified or do you foresee identifying other segments of the workforce that may need unescorted access to vessels and to facilities?

Admiral SALERNO. Sir, there have been no additional categories of workers that have been identified at this point.

Mr. LATOURETTE. Okay. Then the last question I had follows up a little bit on a question that the Chairman had, and that is this business about people without TWICs being escorted by a TWIC holder.

My first question in that vein is: How many non-TWIC-carrying individuals can one TWIC-carrying individual take? Is it a group of six or seven people, or is it one to one?

Admiral SALERNO. There are ratios established. It is one to ten, one TWIC holder for ten people in a secured area, one to five in a restricted area, which is a higher level of area defined by the facility owner.

Just as one point of clarification, not just any TWIC holder necessarily can provide that escort. It is typically somebody who is an employee of the company or who is authorized by the company. So just by virtue of having a TWIC does not give a person the right to escort others.

Mr. LATOURETTE. No. I get that, but one person who is appropriately in charge of escorting people can take up to 10 on non-TWIC'd people?

Admiral SALERNO. That is correct, yes, sir.

Mr. LATOURETTE. Thank you very much.

Thank you, Mr. Chairman.

Mr. CUMMINGS. Mr. Taylor.

Mr. TAYLOR. Thank you, Mr. Chairman.

Thank you, Admiral, and Ms. Fanguy, for being here.

I am curious. You talk about this being a fairly easy process, but let us walk through a scenario. A young person is going to the University of Southern Mississippi who will maybe want to work on an offshore supply vessel or on a tug this summer. What do they do to get a TWIC Card? Do they have to have a potential employer lined up? Do they have to have a letter from that person, or can they simply say, I want to keep all of my options open for this summer; I would like to get a TWIC Card in case I want to go to work for Tidewater or for Magnolia Marine this summer?

Ms. FANGUY. In terms of the TWIC enrollment process, I can walk you through that.

For any worker, you need to come to a TWIC enrollment center, or if we are offering a hosted mobile solution closer to where you work or to where you live, that is also an option. You would then arrive with your identity documentation, and we have a list of——

Mr. TAYLOR. Okay. So let us walk the general public through that. So what kind of documentation do they need to show up with?

Ms. FANGUY. It is very similar to the I-9 process. We have clearly laid out what the list of acceptable documents are on our Web site. That is also on the pre-enrollment Web site.

Mr. TAYLOR. All right. They are?

Ms. FANGUY. I do not have them memorized, but I can get back to you. As an example, an unexpired passport would be a proper identity document.

Mr. TAYLOR. A driver's license?

Ms. FANGUY. A driver's license would be one document. Then you would also need to have additional documentation that would then prove your citizenship status or your legal status here. So there are various combinations of documents, and we base that on the I-9 process. Then we are also looking at other documents that people may have in this industry.

Mr. TAYLOR. Okay. So is it two documents? Is it five documents? This is a real-life scenario. There are kids right now trying to figure out what they want to do this summer.

Ms. FANGUY. Absolutely.

Mr. TAYLOR. So what do they need to do?

Ms. FANGUY. There are certain documents. Like I said, a passport would be sufficient on its own. With documents that do not have a photograph or with documents that do not have the same kinds of security controls, you would require two. So it is very similar to the I-9 kind of process.

Mr. TAYLOR. Okay. So a driver's license and a birth certificate?

Ms. FANGUY. That would be acceptable.

Mr. TAYLOR. All right. So do they have to have the potential employer Letter of Intent, or can they just say, I would like to——

Ms. FANGUY. They do not need to have a Letter of Intent. They would simply show up at the enrollment center, and they would say that they plan to work in the maritime industry, and they would certify to that. They would go through the enrollment process, and we would complete the form online for them, take their photograph, take their biometric, scan in their identity documents, items like a driver's license or a passport. We would also look for additional security features in those documents to make sure that there is a higher level of identity proofing. At that point, we would then send the information off to be processed by the FBI for the criminal history records check. We would check legal status unless the person has provided very clear evidence like a birth certificate from the United States or a U.S. passport. We would then go check immigration databases to make sure that the person is here legally or under one of the categories that is specified in our regulations. The third piece is then we would check the person's information against the consolidated terrorism watch lists.

When those three pieces are done, the information comes back. We then have a review process where we look at the results of that. In most cases, it is going to pass through very quickly. Then we will send it on for card printing. In some cases, we may get information that requires further review. At that point, we would go into our adjudication process. Many of those cases, after they have gone through human review, end up being checked off, the person who is approved for the TWIC, but in some cases, we may need more information from the person to prove that they are not a se-

curity threat, or for immigration, they may need to provide more documentation about their immigration status. So, at that point, it goes off for printing.

We then call the person when their card is ready for pick-up. The person comes in. They match their fingerprint. We give them their card.

Mr. TAYLOR. Give us a breakdown of this $132 fee.

What percentage of that goes to Lockheed? What percentage of that goes to the Coast Guard?

Ms. FANGUY. $43.25 goes to Lockheed Martin for each enrollment. $17.25 goes to the FBI for the criminal history records check. Then the remainder of that fee pays for the terrorism watch list checks. It pays for the immigration checks. It pays for all of the quality assurance audits. It pays for program salaries and all of the contract oversight. So it pays for the remainder of it. No money goes—well, for the administrative law judge piece of it, we would compensate the Coast Guard for their costs if that comes up, but at this point, we have not paid the Coast Guard any money because we have not had any ALJ hearings.

Mr. TAYLOR. For the record, Mr. Chairman, if you do not mind, I would be curious. I will back up and say I saw a lot of no-bid/cost-plus contracts issued after Katrina. In almost every instance, the taxpayer got ripped off. I would be curious, for the record, to know how Lockheed was selected. What was the criteria? Who were the other bidders? How much did they bid for this work?

Thank you, Mr. Chairman.

Mr. CUMMINGS. Thank you very much.

Could you give us that information, please?

Ms. FANGUY. Absolutely.

Mr. CUMMINGS. Mr. Coble.

Mr. COBLE. Thank you, Mr. Chairman.

It is good to have you all with us.

Admiral, in response to the Chairman's question regarding the 750,000 maritime employees, you said the range extended from 750,000 to 1.25 million.

Admiral SALERNO. To 1.5 million, that is correct. I said 750,000 to 1.5 million.

Mr. COBLE. Would it be nearer to that larger figure?

Admiral SALERNO. Yes, sir. That is our estimate at this point. It is still within that range, but it is tending towards the high end of the range.

Mr. COBLE. It is my understanding that this figure includes all workers who require unescorted access to secured areas of ports, to vessels, to other continental shelf facilities. It includes all of the credentialed merchant mariners as well as longshoremen, truckers, port employees, and others; is that accurate?

Admiral SALERNO. That is correct, sir. Those are the different categories of workers that were calculated as forming that branch of worker, that worker population.

Mr. COBLE. Ms. Fanguy, have you all received significant numbers of TWIC applications from any additional or unexpected segments of the maritime workforce during the first phase of the rollout process?

Ms. FANGUY. I think, when we all went into this, we knew we needed to have a flexible plan in place because no one had an exact list of how many port workers there are in every single city. So what we have seen is that, in some areas like the gulf coast, there are more workers because of some of the ways that the security plans are being implemented. So, as an example, some of the petrochemical companies are deciding to TWIC more people.

So what we have done to address that is we are moving equipment around because, in other areas of the country, we have actually seen that the enrollment turnout is much, much lower. As we are now working very closely with stakeholders and now that TWIC is here, we are continuing to refine the estimates, really, on a daily basis, and so we are finding in some places that there may be actually fewer workers.

So, all in all, we need to make sure that we stay flexible; that we watch the trends; that we take the data; and that we make sure that we have the equipment and the people in the places where the people need to enroll.

Mr. COBLE. Does the program have the capability to process the application and credentials for this close to 1.5 million applicants?

Ms. FANGUY. Absolutely. That is the reason we went with a performance-based contract. So Lockheed gets paid one amount per worker regardless if there are a half a million workers, 1.5 or 2 million. However many workers, the government is in a situation where the fees will pay for the contractor services, and then the fees are structured so that, as we scale up, we can bring on adequate resources to cover that larger population.

Mr. COBLE. I can address this either to you or to the Admiral, Ms. Fanguy.

Recently, the TWIC regulations were amended to clarify that local law enforcement officials who are not required to carry a TWIC include local law enforcement personnel, fire department personnel, emergency response personnel, et cetera. Have you all identified other segments of the workforce that may need unescorted access to vessels and/or to facilities?

Admiral SALERNO. Sir, we have not identified any other categories that would need that form of access without a TWIC.

Mr. COBLE. I thank you. Thank you for being with us, each of you.

I yield back, Mr. Chairman.

Mr. CUMMINGS. Thank you very much, Mr. Coble.

Mr. Gilchrest.

Mr. GILCHREST. Thank you, Mr. Chairman.

There are 750,000 to 1 million people who are likely to get this TWIC Card; is that correct?

Admiral SALERNO. That is the anticipated population, yes, sir, 1.5 million.

Mr. GILCHREST. Of those people, of those 750,000 who are on this list because they meet a criteria requiring them to get a TWIC Card, what percentage of the population that works at port facilities is that? I am going to ask, shouldn't everybody working at a port go through the process that you go through to get a TWIC Card for a background check?

Admiral SALERNO. Sir, it is a combination of people who need access to port facilities, including port workers, longshoremen and so forth, facility workers. About 220,000 or so are merchant mariners. Some percentage are truck drivers who need to go into a port area to pick up cargo and so forth, but they all have one thing in common, and that is that they all need to get into secured areas of port facilities. That is the common nexus.

Mr. GILCHREST. What are the secured areas of a port facility—the gate, the gangplank? Is that left up to the port to decide what areas are secure or that need to be secured?

Admiral SALERNO. It is left up to the ports to define the areas that need to be secured, and that is done in consultation with the captain of the port in each jurisdiction. Ultimately, it is the facilities that look at their physical arrangements, at their barriers, at their security systems and so forth and make that determination.

Mr. GILCHREST. If you have a TWIC Card at the Port of Baltimore, does it also get you into secured areas in Wilmington or in Philadelphia or in other places?

Admiral SALERNO. Not in and of itself. You would still have to show that you have legitimate business at that other port facility. We leave it to the facilities themselves to determine if in fact legitimate business is there.

Mr. GILCHREST. Does a local port facility have—I am sure they do. At the Port of Baltimore, for example, do they talk to the Coast Guard or to the Customs agents? Is there a collaboration to determine what areas should require a TWIC Card and what areas should be more secure than other areas?

Admiral SALERNO. Yes, sir. There is an entity that was formed by the Maritime Transportation Security Act in each port area, and it is called the Area Maritime Security Committee. That is a forum whereby the Coast Guard and local law enforcement and industry representatives can jointly agree on what makes sense on a portwide basis within each geographic jurisdiction. Certainly, every facility has the option to meet individually with representatives at the captain of the port's office to discuss their particular plans in greater detail.

Mr. GILCHREST. I am assuming there is some accomodation for whoever would be classified as a ″temporary worker″ to get a TWIC Card or for mechanics who may be required?

Admiral SALERNO. Yes, sir. Well, there are foreseeable instances where workers would need to gain access to a facility to perform legitimate business but would not otherwise be required to have a TWIC in the normal course of their employment. Provisions can be made for that. The facility could corner off an area where specific work needs to take place, so we would not require those people to have TWICs but the area itself would be controlled.

Mr. GILCHREST. What is the time frame again for completing this project where everyone who needs a TWIC Card will get a TWIC Card?

Admiral SALERNO. Well, sir, for mariners, it is 25 September of this year. Then for facility workers, it is extended out further. I believe early next year is when all of the port areas will have enrollment centers, but we have not published the required dates for any of the port areas yet for when all of the facilities are required to

start checking for TWICs. We expect to start doing that in the near future, but we have not published in the Federal Register the actual enforcement dates.

Mr. GILCHREST. I see. Thank you very much.

Thank you, Mr. Chairman.

Mr. CUMMINGS. Thank you very much.

As to getting the folks in, following up on Mr. Gilchrest, you have got the mariner deadline coming up fairly soon. Where are we with regard to mariners' signing up? Either one of you.

Admiral SALERNO. Sir, I do not have the numbers for how many mariners have signed up yet. I asked that same question earlier, and I do not have that number unless Maurine does.

Ms. FANGUY. So we, actually, ran a query in our database. We have just under 6,000 mariners.

Mr. CUMMINGS. And you are approximating how many are out there?

Ms. FANGUY. A little over 200,000. So keep in mind 90 days. We have just gotten started. If you look at where we have come over the last 2 months, we have actually enrolled over 50,000 workers. So we got started in October and rolled out slowly. We have now, really, notched it up. We are at 54 ports as of today. We are going to continue to roll out. So we are now clocking along at about 2,000 enrollments a day. We think that number is going to go higher, so it can be somewhat misleading. The other thing is that sometimes people do not—they may not identify themselves as a mariner. They may have decided that they did not want to provide that information. It is not mandatory, but for people who have self-identified as mariners, it is right under 6,000 to date.

Mr. CUMMINGS. Let us talk really quickly, Ms. Fanguy, about the whole waiver system. What is happening with that?

Ms. FANGUY. As far as appeals and waivers, like I said, we have based this on the HAZMAT program, which has been running successfully for about 2-1/2 years.

Mr. CUMMINGS. Well, what has happened so far with this program?

Ms. FANGUY. So, thus far, we have sent out right under 900 initial letters. So what that letter would say is that there may be some further clarification that we would need on your immigration status. We may have received information back from the FBI's criminal justice information system. Perhaps there is an open disposition. In some cases, the person may already have the information on hand and have turned that back around to us.

On appeals, which is where either—it could be an open disposition. It could be some kind of immigration question. It could be some kind of other issue, but that is where the person is saying your information is not 100 percent correct. We are able to process those in about 1 to 2 days. We have received 381 appeals to date. We have granted 217. The other ones are under review. Anybody who is not granted an appeal would automatically go into the waiver process.

At this point, in terms of waivers, we have received eight waiver requests, but again, keep in mind that people have 60 days to request an appeal or a waiver, so we expect that there are a lot of people who may have received a letter who have not written back

to us because in the HAZMAT program we really find that people typically wait until that last week to respond back to us.

Mr. CUMMINGS. So, if a person applies and is rejected for the TWIC and then appeals that rejection as far as possible—to the ALJ, right—to the TSA final decision-maker and even to the Court of Appeals—will that person be excluded from accessing a secured area?

Ms. FANGUY. At this point, because we have not laid out any of the compliance dates, that person can go to work. That person does not have to miss a day at work. The message we have been trying to get out to workers is that, if you think that you may have some kind of issue that you need to work with us on, it is actually—it may seem counterintuitive, but it is actually important for that person to enroll early so that we can work that person through the entire process.

Mr. CUMMINGS. But do you think that is part of the reason, therefore, that people—you know, we still have a lot of people to get to overall. Do you think that some people anticipate that there is going to be a problem, so therefore, it is like not wanting to know that you have got an illness, and the next thing you know—in other words, waiting until the very end?

Ms. FANGUY. I think it is probably similar to health kinds of issues. I mean, some people want to know. Some people——

Mr. CUMMINGS. I agree with you. I am just trying to figure out how we get to those people so that—because what I anticipate is that you are going to have towards the end a whole group of folks who are going to be coming in, many of them with problems, because they are going to be the ones who had the most fear for whatever reasons. Then we will end up trying to process all of these folks who have problems as opposed to the normal flow where you may have a few problems coming in. I think you will get a lot at the end.

Do you follow me?

Ms. FANGUY. Absolutely. So we are——

Mr. CUMMINGS. I am just trying to figure out how to encourage these people to come forward early. What are you doing, or what is anybody doing in that regard?

Ms. FANGUY. The biggest thing that we have been trying to do is to really form partnerships with our port partners, with various unions. We actually have a conference call this evening about disqualifications and just questions and answers for a local union. Those are the types of things that we are happy to do because we know people have a lot of questions. So it is really those partnerships, having our national TWIC Stakeholder Communications Committee, where we can really feed information and can answer questions in a timely manner and then doing like we do in the HAZMAT program, which is that when somebody has an issue or when they have a question, we try to be very responsive and work with that person. If they need more time, we are happy to give them time extensions and really work with them to make sure that we can get the right information to make the final determination.

Mr. CUMMINGS. Mr. Poe.

Mr. POE. I have no questions.

Mr. CUMMINGS. Thank you very much.

Any other questions?

Mr. LaTourette.

Mr. LATOURETTE. I just have one follow-up question, Admiral. In order to make changes to the boundary of a secured area, do the owners of port facilities and/or vessels need to amend their port facility security plans under Section 70103?

Admiral SALERNO. Yes, sir, they do. They would amend their plan and then submit that change to the captain of the port for approval.

Mr. LATOURETTE. Okay. Thank you very much.

Thank you, Mr. Chairman.

Mr. CUMMINGS. Thank you very much.

Thank you both for being with us. We look forward to continuing to work with you, and I thank you for moving the program along. Thank you very much.

We will now hear from Judy Marks, who is the President of Lockheed Martin Transportation and Security Solutions; and John Porcari, who is Secretary of the Maryland Department of Transportation, and the Helen Delich Bentley Maryland Port Administration, he is in charge of that.

Ms. Marks, we are going to hear from you first, and then from you, Mr. Porcari. Thank you all for being here. We really appreciate it.

STATEMENTS OF JUDY F. MARKS, PRESIDENT, LOCKHEED MARTIN, TRANSPORTATION AND SECURITY SOLUTIONS; AND JOHN PORCARI, SECRETARY, MARYLAND DEPARTMENT OF TRANSPORTATION

Ms. MARKS. Chairman Cummings, Ranking Member LaTourette, and distinguished Members of the Subcommittee, thank you for the opportunity to discuss the Transportation Worker Identification Credential, or TWIC, Program. I look forward to sharing the progress we have achieved on this important program. I ask that a copy of my written statement be inserted into the record.

Before discussing our role in depth, I would like to provide a snapshot of where we are in the enrollment phase of this critical program. We have been operational for approximately 90 days, and I am proud to report we are deploying to more sites faster than any other credentialing program in operation today. To date, we have enrolled almost 56,000 individuals, and over 12,000 of those enrollees have activated or have received their credentials. We have deployed to 54 of 147 port locations as of this week and are enrolling approximately 2,000 workers every day.

We are proud that Lockheed Martin has met every contractual milestone on the TWIC Program, including deploying to some of our Nation's largest ports, such as L.A./Long Beach, New York/New Jersey and Houston. We are reporting very good overall wait times at enrollment facilities, but perhaps, most importantly, we have received a greater than 90 percent customer satisfaction rating to date based on actual customer surveys.

As part of the Lockheed Martin proposal to TSA, we recognized that effective stakeholder outreach and communications would be absolutely critical for success. National outreach is facilitated by the TWIC Stakeholder Communications Committee, the TSCC,

which meets every month and is attended by representatives from 49 organizations ranging from labor unions, industry associations and other related, interested groups.

We also recognize that information provided by TWIC applicants is personal in nature and is subject to privacy restrictions. The TWIC Program addresses this issue in several ways. First, all TWIC applicant data is protected electronically from the moment it is obtained. All of our data communications are processed over secure network connections, and all data is encrypted using technology that has never been compromised. We also have identified an individual who is the privacy advocate of the TWIC Program.

We anticipate employing over 400 field personnel this year at the peak of the maritime population enrollment period. The selection and training of these personnel are of paramount importance to our success. All of our personnel must successfully complete 40 hours of technical and customer service training and are subject to the same TSA security threat assessment as each and every enrollee. In addition, we incorporate lessons learned at operational enrollment locations to further improve the customer service experience for enrollees as well as provide on-the-job updates to our employees, the trusted agents.

We have taken steps to make this process as convenient as possible. This includes a strong focus on the use of mobile enrollment and card issuance. We work with major stakeholders at all ports to enroll as much of that population as possible at stakeholder facilities. These may be employee facilities or union halls. These may be industry association offices. We will also now coordinate the issuance of cards at these same locations wherever possible, again, to provide convenience.

As with any program involving an FBI background fingerprint check, a percentage of the population will have their fingerprints rejected by the FBI as unreadable. We are applying quality algorithms to each set of fingerprints captured at our enrollment centers. However, if repeated attempts to capture high-quality prints are unsuccessful, the applicant can be educated at the time of enrollment on the possibility of an FBI rejection. To date, we have seen approximately a 2 percent national reject rate of fingerprints, roughly half of the 4 percent nationwide average experienced by the FBI on similar programs.

We have experienced difficulties in the gulf coast region due to significant differences in the original population estimates. In Baton Rouge, for example, the initial estimates for enrollment were in the 6,000-person range. Current estimates appear to be closer to 40,000 to 60,000. This initially resulted in higher-than-expected demand, which resulted in longer-than-desired wait times. We have done multiple things to address this.

We have taken key actions, such as implementing our surge plans. We have enrolled more than 2,000 individuals, as Ms. Fanguy said, through mobile enrollment, and we have seen a significant improvement of both through-put and wait time in the gulf. We will continue applying these lessons learned and adjust and surge as required to meet the demand.

Mr. Chairman, as you know, Lockheed Martin is involved in a number of Homeland Security programs. With TWIC, we are par-

ticularly proud to have the opportunity to work on a program that will protect the engine of America's economy, her ports. In doing so and in strong partnership with TSA, we bring to bear our technical skill and resources to implement this initiative in a manner that is both secure and convenient.

Thank you, and I look forward to answering your questions.

Mr. CUMMINGS. Thank you very much.

Secretary Porcari, thank you for being with us.

Mr. PORCARI. Good afternoon, Chairman Cummings, Ranking Member LaTourette and Members of the Subcommittee.

For the record, I am John Porcari, Secretary of the Maryland Department of Transportation and Chairman of the Maryland Port Commission, representing the Chairman's home State of Maryland.

With me here today is Mr. Jim White, the Executive Director of the Maryland Port Administration; and Mr. Homer Williams, our Port Security Director.

Before I brief the Committee on the TWIC implementation currently in place at the Port of Baltimore, I would like to very briefly tell the Committee a little bit about the Port of Baltimore. I think it helps to have a sense of the big picture, of the port implementation of TWIC, and it helps in the understanding of how all of these components fit together.

The Port of Baltimore is one of the oldest ports in the United States. It was founded in 1706. It comprises 7 public terminals and about 30 private terminals. There are 45 miles of waterfront land in the public and private terminals in the Port of Baltimore. Of the 361 ports in the country, we are number 1 in the country for the importation of forest products; number 1 for roll-on/roll-off cargo; and number 2 in the Nation for the export of cars and trucks. Our total cargo value was almost $37 billion last year. We have 16,500 direct jobs and over 300,000 jobs all together related to the port. So it is a vital part of our State's economy, and we pride ourselves on having an outstanding relationship with our port security partners. Among them is our own Maryland Transportation Authority Police, the U.S. Coast Guard, and the U.S. Customs and Border Protection.

On November 21st, we began the enrollment for TWIC. We had been anticipating this date for a long time, and we were prepared in many ways. For example, last summer, we installed a new high-tech, automated gate system for trucks that is already compliant with the TWIC software. As of January 17th of this year, we have just under 1,500 persons who had enrolled for the TWIC Cards at the Baltimore enrollment site. Of those nearly 1,500, 367 TWIC Cards were activated and issued. We estimate that there are about 25,000 persons who will be requesting or needing a TWIC Card for unescorted access to the Port of Baltimore. So, clearly, we have a ways to go on this.

As we have implemented this, some issues have come up. For example, there have been instances of enrollees having to make multiple visits to the Baltimore enrollment site because the TSA computers have been down or because information previously submitted for enrollment was lost on the TSA servers. Additionally, some slow enrollment overall can be attributed to a couple of issues, including, we believe, the cost of the card, the payment ar-

rangements for the card by the public and private institutions, and the reluctance of some individuals due to concerns about background information that may disqualify them.

We have engaged in public outreach to expand the penetration of TWIC Card usage. We believe a public outreach program is the key to the success of it. The Maryland Port Administration, which oversees the public terminals, has met with the private terminals, with the trucking associations, with the port customers and with other stakeholders to update them on the TWIC Card and on the enrollment process. We issue weekly electronic bulletins to the Baltimore maritime community advising persons conducting business on MPA terminals of the process and how to do it. We have information on our port Web site.

Despite these efforts, we believe that a greater effort by both TSA and Lockheed Martin is needed to publicly announce TWIC requirements and its implications through local television and radio broadcasts. This would help with general awareness.

Mr. PORCARI. We are working directly with labor on the implementation of TWIC. For example, labor union employees have been encouraged to enroll now. Although it is not yet required, by enrolling now someone who didn't receive their card early could appeal if necessary and receive a TWIC card prior to enforcement date.

We are, however, finding situations that are arising that still need answers. For example, day laborers, we have many temporary and day laborers on the terminals. They have expressed concern about the cost of the card. They may not be there regularly, and the cost of the card can be a barrier.

For vendors and contractors, vendors may not have one single driver who exclusively makes deliveries to the port terminals. That firm may not want to have all the drivers obtain a TWIC card to access to regulated facilities. That can lead to a number of escort requirements.

Also, contractors may have difficulty soliciting and fulfilling contracts on our facilities because they don't have employees or subcontractors that have cards—valid cards at the time of implementation.

For the cruise terminals, they are regulated under maritime—the MTSA. TWIC will have an impact as we manage the entrance and exit of passengers to the cruise terminals. That includes our cruise shuttles, vendors, taxis and buses to support the cruise industry; and we believe some flexibility in those guidelines is going to be required.

Besides the TWIC card, there are no clear guidelines for the authorized purpose for access to the port, so many ports—as we are—are faced with the prospect of maintaining two systems for port access, the TWIC card and the identification card that we currently use.

At the private terminals, there is also grappling with issues of escort requirements and the business rules themselves as well as the cost of the cards.

So on behalf of Governor O'Malley, who in his State of the State Address once again emphasized the importance of port security as a State goal, I appreciate the opportunity to testify today.

Mr. CUMMINGS. Thank you very much.

Ms. Marks, you heard the testimony of Secretary Porcari. And one of the things that I said when I took the Chairmanship of this Committee is that we wanted to certainly make sure that we did everything in our power to protect the homeland, but we also wanted to make sure that we balanced it and tried to keep a free flow of trade going. Certainly, protecting lives is number one. But as I listened to him—and I know you heard him—this is the Secretary of a major port, and he just cited some concerns. And I know at any time you are starting something up, you are going to have problems, because you have to knock out all the kinks. And the thing that we are trying to do here is to try to make sure that we go forward using our resources effectively and efficiently.

The lost information—you talked about lost information; is that right, Mr. Porcari?

Mr. PORCARI. [Nonverbal response.]

Mr. CUMMINGS. People having to come back and forth, apparently some sites being down, I guess there were some computers down. That happens, I know.

We have heard reports in some other instances where Lockheed Martin had provided inadequate—did not provide adequate support to enrollment centers. One enrollment center shut down, running out of toner. Two to 5 hour delays in appointment time had been encountered. One enrollment center responsible for serving a port in which it was estimated that 30,000 individuals who needed a TWIC card was found to be staffed by a single individual who was responsible for managing the enrollment processes, taking fingerprints, taking digital photos and answering the phones. It has been reported that additional people were sent to this enrollment center after the Coast Guard reported this unacceptable situation to your personnel.

I just want to know what are you doing early on to prevent such situations from being repeated at other ports and how closely are you tracking and monitoring each center to ensure that mariners are given good service.

Because the problem is a lot of these folks may be a little bit confused about the process, but then they go and they go through these hurdles, and they don't understand all of this. All they know is they have to spend this money, and they have to sit there. And the back and forth I think really it has an effect on the student that Taylor talks about—Congressman Taylor talked about on the people who live in our districts who—most of us have some kind of port facilities in our districts, so they are affected. And you know who they come back and talk to? Us. So I am just wondering, what is happening here?

Ms. MARKS. Well, Mr. Chairman, first, let me be clear that we have run into some challenges early on, and it is what we can learn from that, how we can apply those lessons. We have not waited 90 days, but we are certainly reporting out to you after 90 days, and 54 ports of the 147.

First of all, there is—when you think about people that we inconvenience that have to come back, we did run into an issue in the Port of Baltimore in the first week we opened. One of the lessons we learned, as opposed to opening a port on day one, we do something we call a soft launch now. Where, instead of opening a port

on a Monday, we open it on a Thursday; and we spend the first 3 days, if you will, doing true on-the-job training with test cases and test workers so that each of our employees in that locale—and they are all locally hired—can have real experience.

The way we do that—unfortunately, with the first five people from Baltimore is we stayed in that training mode even after we went live on a Thursday and that data was not captured. We really are certainly sorry that those employees were inconvenienced to have to come back again.

Let me address what you said and walk you through, if you will, our top three lessons learned.

One, you heard Ms. Fanguy say, from the TSA, even though we had set up appointments and we have an active pre-enrollment Web site and help desk that people can call in both English and Spanish and set up appointments and give their initial information, we did not have that on the activation side. What we learned is we had walk-ins coming in for both enrollment who chose not to pre-enroll and all the walk-ins for activation. We have changed that. Starting next week in Baton Rouge we are prototyping an appointment system for activation; and that will go nationwide as soon as we see some success, which we expect to see in Baton Rouge.

The second area is the population shifts versus the initial estimates. You are right. We expected in some location to see very few. If you look at different parts of the Nation, the gulf area has had significantly more population response than we ever anticipated.

Baton Rouge is the best example. Again, we anticipated 6,000 people. We started with two people down there. We increased that fivefold, because we really do believe that is going to be 40 to 60,000 people. And we put mobile stations in the stakeholders, and we have taken it to them. So it is a win-win situation. The stakeholders can get their employees together in a convenient location.

The other area which we have learned is on, again, on enrollments. How do we start? We have given ourselves longer lead times from leasing a facility to getting the Internet connection, to getting the equipment present, making sure everyone trained is present. And I think what we are seeing, whether it is through customer satisfaction surveys, reports issued by the Coast Guard, is we are seeing we continue to apply these lessons learned and the process is going smoother with, again, average enrollment times now at about 10 minutes.

Mr. CUMMINGS. I hope you will take a message back to your folks and that is that I think all of us understand that business and Lockheed Martin is out to make a profit. No problem with that. Our concern is that when you have got situations though when you have got a shortage of personnel because of personnel equipment or whatever and it hurts the process, I don't know what gives there. In other words, I don't know who gains, but I want to make sure that we are getting our money's worth—that is, the United States—because when we don't have personnel there or we don't have equipment there, that is a real, real major problem.

I know—again, I said from the very beginning, I know you are working out the kinks, but some things—when we have shifts and come to find out the shift—you then come out with 10 times, 7

times as many people as you thought you had, that starts me to wondering what other things are we underestimating and what other problems will we encounter.

One of the things that happened as a result of Deepwater I must tell you and I think that almost every Member of this Committee was concerned about Lockheed Martin and this contract because we saw some things happen in Deepwater that is all still being worked out. We said, okay, let's make sure that this works out very well because we have so much depending on it.

And all I am saying is I am sure I have full faith that it is going to work out, but, in the meantime, what is happening is that these folks that Secretary Porcari is talking about, these are just regular, everyday people trying to do the right thing, take care of their families, pay their little fees or whatever and give a hard day's work and go home. And then for them to have any hurdles really creates a problem, particularly when you paid 100 some dollars to have the process done. Do you follow me?

Ms. MARKS. Yes.

Mr. CUMMINGS. I hope you will take that message back.

Mr. LaTourette.

Mr. LATOURETTE. Thank you very much.

Ms. Marks, first to you. Mr. Taylor talked a little bit about competitive bidding and so forth and so on, and the Safe Ports Act has two parts to it where the trucks are concerned. One is the card itself, and then there is the reader. We know from the earlier testimony that there is a pilot program now going on with the reader technology and just a couple of questions.

Are the cards that are being issued through the contract with Lockheed Martin, are they the cards that are being used in the pilot program, to your knowledge?

Ms. MARKS. Yes, sir, they are the cards; and Lockheed Martin has provided all the technical specifications to the Coast Guard and TSA to make sure that whatever reader is selected by whatever manufacturer will be interoperable.

Mr. LATOURETTE. And my next question; and that is that the cards that are being produced by Lockheed Martin are capable of being used with a variety of different technologies, different readers, manufactured by different people>

Ms. MARKS. That is correct. Again, we provided the open standards for how to interface with the card; and Lockheed Martin does not manufacture card readers, sir.

Mr. LATOURETTE. That was my next question. So you don't have a dog in the reader fight?

Ms. MARKS. No, we are happy to participate if desired, but we do not manufacture those card readers.

Mr. LATOURETTE. Thank you very much.

Secretary Porcari, I want to thank you for being here. And I don't have a question about the Port of Baltimore, but since you are here I would just like to take the opportunity to pick your brain and use your expertise, since you are the Secretary of Transportation for one of our great States.

We are having a little bit of a debate here on Capitol Hill about a stimulus package, and I am happy to say that at this moment

in time it seems to be a nonpartisan debate. It seems to be friendly. The administration seems to be willing to participate in it.

One of the pieces that Members of this Committee always think are important, the jobs that can't be exported. We always say in the Committee, for every billion dollars of Federal infrastructure spending, it creates 47 and a half thousand jobs. I have that memorized in my head.

But those who push back and say that infrastructure spending should not be part of the stimulus package say it is because we are not ready to go, and so you won't get the effect of the transportation spending immediately like you will if you have stimulus or some of the other things that are being talked about.

When I talk to the director of our Ohio Department of Transportation, he indicates that any Department of Transportation worth its salt has some stuff on the shelf that they could let go to bid on within 90 days. I just ask your opinion of who is right?

Mr. PORCARI. Thank you, sir. I appreciate the question.

I feel very strongly that we, like every other State, are ready to go. If you look at, as part of a stimulus package, highway and transportation construction in general really should be a part of it. Every month we advertise tens—sometimes hundreds—of millions of dollars worth of contracts for construction. In the last 120 days or so, we put more than a billion dollars worth of contract awards out there. We can modify and adjust those schedules.

This is desperately needed infrastructure work for the country. We have an almost generational neglect of our infrastructure. Much of it was built in the same era and is due for major rehabilitation or replacement.

I think if we are careful in selecting the projects then the criteria should be that they need to be on the streets under contract very quickly. Every State could participate in that in a major way.

Mr. LATOURETTE. I thank you very much for that answer.

Since every once in a while the Chairman was kind enough to invite me up to a field hearing in Baltimore, how's the road construction at the end of the Baltimore-Washington Parkway going into Baltimore? Are we about done with that?

Mr. PORCARI. The Baltimore-Washington Parkway is a Federal road, part of it is State road, our responsibility, and part of it is City of Baltimore. The final portion you are referring to near Russell Street is very close to completion. It is a city project. It is a major investment by the City of Baltimore, and that is exactly the kind of project that is part of the stimulus package that would really pay dividends for generations to come.

Mr. LATOURETTE. Thank you, Mr. Secretary; and once it is finished I would be happy to go to Baltimore again.

Mr. CUMMINGS. Very well. By the way, you can join us in trying to get some of these stimulus projects. We would be happy to join in with you on that.

Mr. Larsen.

Mr. LARSEN. Thank you, Mr. Chairman.

I apologize for not being here for the final panel, but I appreciate this follow-up hearing to the one we had in July where many of us expressed concerns about not just the rollout but also—or at least I and a colleague from Mississippi expressed concerns about the ne-

cessity and am still searching for the necessity of this program, frankly. Rolling it out successfully does not necessarily make us more secure. The question still remains, is how much more secure does the TWIC program make us versus any other number of things we can do? So I just wanted to start there with that statement.

But the question is for Ms. Marks. In Tacoma and Seattle and Everett, the numbers I have right now is, in Tacoma, they rolled out in early November and about 37 percent of projected—of the estimated population has enrolled, 1,500 out of 4,000, about 37 percent. And in mid-December Seattle started enrollment—granted a month later—but of the roughly 26,000 population about 900 have enrolled, about 3.6 percent.

Even given another month—I don't know where it is today, but it seems it is an enrollment that is not as fast, taking place as quickly in Seattle. Do you have any thoughts why that might be occurring?

Ms. MARKS. Now, we are seeing variability across the Nation. If I were to add all of the—and I won't count this week's sites, but if you take about the 52 sites through last week, I would tell you we are operating at about 40 percent capacity of those people actually showing up to enroll, which means 60 percent down time we are waiting for enrollees.

So we have continued to reach out to ports, and we have reached out to the Coast Guard. We are doing stakeholder relations, we have a database of several thousand industry associations, labor unions, everyone we can get involved to continue to try and drive people. Because whether it is 750,000 or 1.5 million people, when those compliance dates are set with 90 days' notice, all of a sudden people are going to realize it is time to go; and we have to, obviously, be able to respond.

Mr. LARSEN. What is the Lockheed contract with TSA, say, about payment then? If you are 60 percent—if you are down 60 percent of the time waiting and let's say the enrollments—we don't hit the time lines, who is punished? Is the longshoreman punished for not having a TWIC that he didn't get in or are you punished because you didn't do the job on the average to let people know they are supposed to do this?

Ms. MARKS. We are on a performance-based contract where we receive $43.25 for every person who enrolls, whenever they enroll. So we are absolutely motivated to get the 40 percent to 100 percent—I would love 110 percent, to be quite honest, as a businesswoman. But we are absolutely motivated to do that.

The challenge, again, will come when the Coast Guard does declare compliance at that port and people all really do try and show up. So we have a surge plan in place. We will extend our hours. We will open additional locations as needed around the port. And certain ports like New York, New Jersey, we actually have three locations already open, one in Hackensack, one at Staten Island and another one at the Port of Manhattan ferry terminal; and we will continue to add locations. It is in our best interest for our business model to work, to get the people through as efficiently as possible.

Mr. LARSEN. Is it Mr. Porcari?

Mr. PORCARI. Porcari.

Mr. LARSEN. How many people do you anticipate hiring at the Port of Baltimore, direct hires to help with the implementation of TWIC?

Mr. PORCARI. The port security staff is very small. We have directly approximately three employees on it right now.

Mr. LARSEN. I'm sorry, you have three of your port security employees on TWIC?

Mr. PORCARI. We have three of our port employees that are permanently, including Mr. Williams, that are assigned to port security issues. We also have our law enforcement agency. It is a separate issue. But it is relatively small. That is for our public terminals only. There are also private terminals.

Mr. LARSEN. So who is going to be responsible for escorting the unescorted? The folks who are responsible for escorting at the Port of Baltimore for the end user, any of your vendor services? Will the cruise ship be responsible? Will you have to be responsible? Will you do hand-offs? How are you sorting through that?

Mr. PORCARI. Some of it still needs to be sorted through. In some cases, we will do that. We will use our law enforcement officers. In many cases, it will have to be the employees of the cruise line or the steamship company or stevedoring company that will have to do the escorting.

Mr. LARSEN. Does that responsibility fall on the port to ensure that that escorting then happens for that day for delivery?

Mr. PORCARI. Yes. Ultimately, we have the responsibility on our port properties to make sure that where escorts are required that everyone is escorted.

Mr. LARSEN. Only on the public property?

Mr. PORCARI. Yes, only our public terminals.

Again, the private terminals have similar security requirements they are responsible for implementing.

Mr. LARSEN. And do you have an estimate on what your costs will be into your calendar year for that?

Mr. PORCARI. I don't know for escorting.

Mr. LARSEN. Not the unit, but for the port. I'm sorry. For the port?

Mr. PORCARI. I can tell you just our public terminals and not the escorting, the law enforcement costs, what we pay for our police activities are over $3 million per year. It is a very, very significant part of our operating budget.

Mr. LARSEN. Thank you.

Mr. CUMMINGS. Thank you very much.

Just before we get to Congresswoman Richardson, I just want to ask one question and follow up on what Congressman Larsen was asking you. It sounds like we have a major gap here. We have the TWIC card operation going on, Secretary Porcari, but then once you get past the TWIC card you have to have these people sort of overseeing it——

Mr. PORCARI. Right.

Mr. CUMMINGS. —and that seems that is creating then I guess a problem for you. I mean, I know you are going to figure out a way to do it, because you are going to do it, but that seems to create a major problem there. Because it is not enough just to go

through all these changes that we are going through to have the TWIC card. You have got to have some kind of observation, somebody to watch all of this. So at what point do you begin to do that?

I guess you are beginning meeting now, so how do you come up with your plan as to how to make sure you got a tight situation?

Mr. PORCARI. Well, we do a head start on this in some ways, Mr. Chairman. Our current port access requirements restrict unescorted visitors as well. We are currently requiring escorts for those visitors.

The same would be true under the TWIC implementation. I guess one way we think about the TWIC card is it will be a requirement to get on the terminals. We would still, beyond that, have to restrict access through our own identification cards which we are currently doing. So much of that is actually in place now.

Mr. CUMMINGS. Ms. Richardson.

Ms. RICHARDSON. Yes, thank you, Mr. Chairman.

And, first of all, I want to start off with my comments by applauding your efforts. I think if we had in government more often where programs were actually implemented and kind of an initial recap of what is happening happened often within 90 days, we would have a lot fewer problems than what we have today. So thank you for your leadership.

I have essentially two questions—actually, one question and one comment. I will give my comment first.

You talked about some of the concerns, and one of the concerns you mentioned at the port of Baltimore was the day laborers and how to deal with that. I represent both areas, the Port of Long Beach and the Port of Los Angeles, and I would venture to suggest we may want to think of that concern as actually a positive. What I mean by that is I am not so sure we want a large amount of day laborers who have access to our vital resources. That may be something we say we need to draw the line on, and maybe it is not appropriate for anyone who happens to be able to drive a truck to be able to get on that property and jeopardize this entire country. So that is my perspective on that point.

In terms of a question, can you walk through for me—I noticed in the report that approximately I think it was 817 individuals have been sent initial disqualification letters. Two hundred and seventy have appealed; and of those who have appealed, 216, the appeals have been granted. So what I first want to say is I am encouraged to see that, for those people who are using the process, it seems to be working and, if it is fairly reasonable, they are having an opportunity to continue their gainful employment.

But what happens when a person walks up—is there a document that is posted so they already know the interim potential disqualifying sections? Does someone actually meet with the person? It says that you send a letter, but a lot of people who are working sometimes in these types of jobs may not necessarily read the letter, may not be so inclined to follow the appeal process. There might be various barriers that are discouraging people do this. So what are we doing—since you have such an incredible success rate of those who do go through the process, what framework are you using right now for those who do not seek you out?

Ms. MARKS. Well, I would have to actually defer that to TSA. Ms. Fanguy, who was in the first panel, actually answered that directly. But I will add that, right now, any—we post on all the ports where we are located, plus on the TSA Web site, plus on multiple TWIC Web sites what the qualifications are in order to obtain a TWIC card.

Ms. RICHARDSON. Well, Mr. Chairman, I apologize. I wasn't here for the first panel. I was in another meeting. But if the response is what you said, these various Web sites, I would venture to tell you that in my community not everyone has access to a computer, not everyone is utilizing Web sites. We might find that hard to believe, but in a lot of communities that is not the case. So I am more concerned, if that other gentleman is still here, or representative, to find out what else are we doing? Are they still here?

Mr. CUMMINGS. I think they left, but we will make sure we get that information for you.

Ms. RICHARDSON. Okay, thank you very much.

Mr. PORCARI. Mr. Chairman, if I may.

Mr. CUMMINGS. Mr. Porcari.

Mr. PORCARI. Ma'am, the day laborer issue, I appreciate your perspective. I would point out that on any marine terminal we are constantly doing construction work of new facilities. We have ship repair and other intermittent employees who are there; and for some of the important parts of our port business, for example, auto processing, we may be in a situation where we require extra labor because of temporary volumes. And so it is a major issue for us, the occasional or casual worker that we want to employ at the port. But, in fairness to him or her, the cost of this TWIC card is a major obstacle.

Mr. CUMMINGS. When you say ″auto processing″, you mean roll off?

Mr. PORCARI. Yes, sir. Literally driving cars off of ships or on them, which is very labor intensive.

Ms. RICHARDSON. We probably have a slightly philosophical disagreement there. I would venture to say that a lot of companies should invest and have enough employees and pay people appropriate benefits and have those people on hand to do the good work that they do and not just rely upon being able to bring someone in arbitrarily who is not able to take care of the various benefits that are available. So we probably just have a philosophical disagreement on that.

Mr. CUMMINGS. Thank you very much.

Mr. Porcari, since we have you here and this is the Committee that deals with the 361 ports, are there any issues that you would like to bring before us before you go, things that you would like to see us address? Not in this hearing, of course.

Mr. PORCARI. First, Mr. Chairman, I appreciate the Committee's leadership on a number of port issues. One of them is, obviously, the environment. And how we, at the same time we are promoting maritime commerce, respect and in fact enhance the environment and through our dredging programs and—a fact of life in the Chesapeake Bay—we are blessed with the Chesapeake Bay, but we had a lot of dredging to do just to maintain the channels.

How we do that matters. As you well know, there were national models of beneficial reuse of dredge materials going on, some of them at the Port of Baltimore, where we are restoring wildlife habitat, among other things. We all want to be good environmental stewards. I think the Committee has done a good job of pointing that out in the past. As with your personal leadership on things like water research, we hope to be able to do more in the future.

Mr. CUMMINGS. By the way, I want to thank you for that, too.

Mr. Larsen has a follow-up question.

Mr. LARSEN. Ms. Marks, you all are rolling out the Everett sign-up center on February 6th. Unfortunately, I am home February 4th and 5th. So I would like to explore with you the possibility of maybe sitting down with your folks just ahead of time to sort out how that day is going to go on the 6th.

Ms. MARKS. We would be delighted to have your support, look forward to it.

Mr. LARSEN. Great, we will follow up with you on that.

And there was some discussion about refineries and the approaches one refinery is taking over the other. Are you getting any guidance from TSA or Coast Guard—most likely TSA—on how to—not how to approach, not how to do outreach, but guidance on what numbers or what kinds of jobs at refineries need to have a TWIC card?

Refineries—the four that are in my district, which are the only four north of central California on the west coast, in the lower 48 anywhere, basically operate upland but then have piers. There is no platforms. We are taking in crude oil, refining it and then sending it back out, either through pipeline on the land or send it back out as refined fuel on tankers to be delivered elsewhere. It seems it might be a different model in other places.

Are you getting any guidance on how to approach which employees, how many employees, what kind of employees?

Ms. MARKS. No, we let TSA set the policy on who needs to be eligible for a TWIC. But what we have done at several refineries, not in your district, but we would explore any refinery that is willing to host us and basically give us an Internet line and the ability to enroll 50 workers, we will send one of our trusted agents and a mobile work station and do it right there.

Mr. LARSEN. If, in fact, a refinery determines that they need to have folks with a card.

Ms. MARKS. Yes, absolutely. And we have done that with Alero, with Exxon Mobile, with many companies.

Mr. LARSEN. There are four refineries in my district, employs about 2,000 people, plus about 800 contractors a day, between the four of them, but I can guarantee you very few of those folks are actually down on the pier getting anywhere near a tanker, so I think we need to probably explore that with TSA.

Ms. MARKS. Agreed.

Mr. CUMMINGS. One question, I want to go back to you, Secretary Porcari, and your exchange with Congresswoman Richardson on the day laborer situation. Who are these folks, Mr. Secretary? You expressed concern about them. The reason I raised this is because a while back Jesse Jackson had come to the Congress and he was concerned about TWIC cards because he felt that a lot of people

who perhaps had worked for many years were now going to be subject to a situation. And maybe they had done something many years ago and they now are doing okay—I am just trying to figure out—and they were losing the opportunity to even make a living for their families.

But who are these people? You expressed concern about them in your opening testimony. I want to make sure that you are talking about the same people that Congresswoman Richardson is. And maybe you are not. I don't know.

Mr. PORCARI. Perhaps the term ″day laborer″ is not the most accurate one for it. One example would be construction projects, paving or vertical building construction at the terminals where the contractors will bring their employees, they will bring sometimes temporary employees. There are subcontractors. There may be minority business subcontractors as part of these as well. All of them would either have to be escorted or TWIC credentialed.

On any given day, we probably have hundreds of different kinds of either skilled trades working on the land side, on the ships themselves, on construction projects or things that I mentioned like auto processing. And while these companies all have an employee base, from time to time they are also adding, bringing in employees temporarily. And one of the benefits for us at the Port of Baltimore as an economic engine is it is virtually the last good-paying, family supporting, blue collar jobs that we have. So we want to maximize the potential. And there are—through those categories in particular there are any number of employees that may only be on the terminals temporarily.

Mr. CUMMINGS. Do you want to follow up?

Ms. RICHARDSON. Thank you, Mr. Chairman.

I completely understand what you are saying. My sister works for Toyota and works on the distribution side and works with the people who are driving the cars off. To my knowledge, day laborers are not driving those cars off of those ships. If you have ever been there and you've seen it, it is at such a speed and such a precision, I would be really surprised that a day laborer person that you happen to grab—and, again, that may be where we are disagreeing from what we are calling day laborer, but that is not a day labor position, and I am quite well aware of that.

My point is, when you talk about a construction company that is in there doing something, I personally believe I would rather see construction companies hire people that they have a team of people. Now, if they are in California, they bring 10 people from Texas tomorrow, 5 people from New Mexico tomorrow. I would rather see construction companies hire appropriate people from our own region who would do the work and would be a part of their normal team, as opposed to, if I happen to need 5 people today, I can grab someone from someplace else who we don't know, which to me gets at the very heart of what this program is all about. The point of the program is to ensure that the people who are there are people who we know and we know that they are not going to jeopardize our facility.

So, to me, how I started my question is I am not so sure—and I am a supporter of yours. I represent ports, and I want to make

sure that the ability to do goods movement is at its maximum point, so I am with you on that.

I was just pointing out that, on the term of day laborer, I am not so sure that us fixing that problem is really consistent with the goals of TWIC. Because I would venture to say to you that if it is someone we so don't know, maybe we don't want to be able to give them an extended pass for a certain period of time. Clearly, there should be exceptions to that rule; and I support you 100 percent with that. But I think we would have to be very careful when we look at rolling it out for an extended period for non-continual type of employees.

Mr. PORCARI. Thank you.

Ms. RICHARDSON. Thank you, Mr. Chairman.

Mr. PORCARI. Again, I think the term ″day laborer″ is probably not the right one here.

Mr. CUMMINGS. Ms. Marks, I am going to give you some questions as a follow-up; and we would like to have a report back to us in 90 days. We will give it to you so that we can get the report of what we want answered in the 90 days. As a matter of fact, we will make it 75 days. And then we will send it to you, Mr. Porcari, when we get it and just have your review of it; and we will do the same thing with the witnesses who appeared before.

In other words, we want to see where we are in 75 days and want to see how things match up with some of the concerns that you had to just kind of measure—we are going to use you as—sorry to tell you this—as sort of a guinea pig to kind of figure out what is happening in Baltimore. Maybe it is indicative of what is happening in other places.

We will probably invite maybe four other port folks to give us their reports, also; and then we will share that with you, Ms. Marks, whatever their comments might be.

Ms. MARKS. Thank you, sir.

Mr. CUMMINGS. I don't think we will be calling another hearing, but we do want to kind of keep up with the situation because it is of such urgency.

I want to thank everyone for being here today, and thank you both.

[Whereupon, at 3:45 p.m., the Subcommittee was adjourned.]

TRANSPORTATION WORKER INDENTIFICATION CREDENTIAL (TWIC)

TESTIMONY OF
MAURINE FANGUY
PROGRAM DIRECTOR
TRANSPORTATION SECURITY ADMINISTRATION
DEPARTMENT OF HOMELAND SECURITY

BEFORE THE UNITED STATES HOUSE OF REPRESENTATIVES
COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE,
SUBCOMMITTEE ON COAST GUARD AND MARITIME TRANSPORTATION

January 23, 2008

Good morning Chairman Cummings, Ranking Member LaTourette, and distinguished members of the Subcommittee. Thank you for this opportunity to speak about the steady progress we have made in implementing the Transportation Worker Identification Credential (TWIC) program.

My name is Maurine Fanguy and I am the Director of the TWIC program.

TWIC, as you know, is a Department of Homeland Security (DHS) program with joint participation from TSA and the United States Coast Guard (USCG) to provide a tamper-resistant biometric credential to maritime workers requiring unescorted access to secure areas of port facilities and vessels regulated under the Maritime Transportation Security Act of 2002 (MTSA), (P.L. 107-295).

The TWIC enrollments are well underway. After verifying system readiness, TWIC enrollments began in Wilmington, Delaware, on Tuesday, October 16, 2007. I am pleased to report to you that today we have fixed enrollment centers operating at 54 ports, including all 50 of the ports we originally designated, including such major ports as Baltimore, Los Angeles/Long Beach, New York/New Jersey, Jacksonville, and Houston. In fact, this morning, we opened enrollment centers at two more ports in Bourne, Massachusetts, and Green Bay, Wisconsin. Currently, almost 110,000 applicants have pre-enrolled for a TWIC, almost 50,000 have actually enrolled with slightly more than 25,000 cards printed and almost 12,000 cards activated. The average TWIC enrollment time for a port worker is less than 11 minutes.

Progress

As we continue rolling-out the TWIC program throughout the nation, we have also made steady progress in several other areas since our last appearance before this Subcommittee.

- Successful Program Rollout

TSA continues to establish enrollment centers nationwide, and has opened 54 fixed centers to date, while continuing to bring TWIC to the worker with mobile enrollment capability. As of the beginning of January, we have seen over 100,000 workers pre-enroll on our Web site, nearly 50,000

workers enroll for their card, all with an enrollment time of around 10 minutes per visit. We are pleased with the program's start and look forward to continuing our, flexible, phased-in approach to reach all 147 sites nationwide.

- Implementation of the Pre-enrollment Capability

As we announce the start dates at each of our enrollment centers, we offer workers the opportunity to pre-enroll on the TSA Web site. This feature allows workers to set aside an appointment for their TWIC card as well as to enter basic biographic data in advance of their appointment, thus saving valuable time.

- Reducing the Price of a TWIC Card

TWIC is a fee-based program paid for by applicants. Because we realize that these costs are significant, we are mindful of the need to identify areas for cost reduction. Before beginning enrollment, we announced that the fee for a standard TWIC would be $132.50, a decrease from the price anticipated in the Final Rule. Workers with current, comparable threat assessments including HAZMAT, Merchant Mariner Document (MMD) or Free and Secure Trade (FAST) will receive a discounted fee of $105.25. The cost of a lost, damaged or stolen credential is $60.

- Establishing Reader Technical Specifications

The TWIC technical architecture is compatible with the credentialing standards established in Federal Information Processing Standard (FIPS) 201-1. This alignment is critical to support card and reader interoperability within the maritime mode. In response to comments received on the initial TWIC Notice of Proposed Rulemaking (NPRM), TSA and USCG decided to remove the requirement for biometric readers from the TWIC final rule to allow time to establish technology specifications to support maritime operations.

TSA and USCG sought the advice of the National Maritime Security Advisory Committee (NMSAC), which established a working group to collaboratively develop new technical specifications that complement FIPS 201-1 and add features that will support high-volume physical access in the harsh maritime environment. The working group included representatives from both the maritime and technology industries.

TSA recently published the TWIC reader hardware and card application working technical specification. The working specification establishes the requirements for biometric card readers for the pilot projects required by the SAFE Port Act. These readers will be tested during the pilot program. As the card and readers are envisioned to operate when TWIC is fully implemented, use of a PIN will not be necessary to release the biometric, unless the owner/operator chooses to use contact readers and the contact side of the credential.

- Identifying Card Reader Pilot Participants and Holding Kick-Off Meetings

As required by the SAFE Port Act, in cooperation with the USCG we have initiated pilot programs with five partners across the country to test card readers. The pilots will test access control

technologies in real world marine environments. Our current list of participants includes the Port Authorities of Los Angeles, Long Beach, Brownsville, and New York/New Jersey, in addition to Watermark Cruises in Annapolis, Maryland. For FY 2008, Congress appropriated $8.1 million to support the card reader pilots, enabling TSA and the USCG to move forward with this important program. As part of the outreach efforts for the TWIC program and in conjunction with the Department's Port Security Grant Program, we continue to seek additional participants. Our objective is to include pilot test participants that are representative of a variety of facilities and vessels in a variety of geographic locations and environmental conditions. There appears to be sufficient interest from the maritime community to achieve this objective.

We are in the process of finalizing the test approach for the pilots. We are working with DHS's Science and Technology Directorate and the National Institute of Standards and Technology (NIST) to establish a test plan that will evaluate the card-reader interface under a variety of conditions and assess its impact on operations. Through the pilot tests, we will investigate the impacts of requiring biometric identity verification on business processes, technology, and operational impacts on facilities and vessels of various size, type, and location. As the program proceeds, the pilots will inform the USCG's TWIC reader rulemaking process and ultimately result in final regulations that require the deployment of transportation security card readers consistent with the findings of the pilot program.

Lessons Learned and Future Efforts

As we move forward with the TWIC program, we are committed to incorporating our 'lessons learned' to drive sound management decisions that improve all aspects of the program and continue to closely monitor the end-to-end process to ensure accurate and timely security threat assessments are being conducted and high quality credentials are produced. We are proud of the significant progress we have made during the past six months and we remain mindful of the challenges that lie ahead. These include:

• *Looking for efficiencies by eliminating duplicative regulatory processes.* TSA and Coast Guard are developing procedures for the sharing of fingerprints, identity verification, criminal history, and photographs for TWIC and Merchant Mariner Documents, which is expected to save not only money but time. In addition, merchant mariners will no longer be required to visit a Regional Exam Center to obtain and renew their credentials, resulting in substantial time and travel savings.

• *Placing the highest value in stakeholder input; it is time well spent.* The public hearings, comments to the NPRM, meeting with operators and associations, and contributions of advisory councils all added great value. We came away from each and every one of these efforts better informed about the challenges, the unacceptable impacts, and the practicable options for protecting our ports.

• *Addressing the impact on small businesses.* TSA and the Coast Guard worked closely with the Small Business Administration to minimize the financial and operational impact on small businesses wherever possible. The rule includes provisions that allow MTSA-regulated passenger vessels (excluding cruise ships) to establish employee access areas for crewmembers that do not require unescorted access to secure areas such as the pilot house and engine room. This provision reduces the

impact on those employees who rarely need to use spaces beyond those designated for support of passengers while maintaining the integrity of vessels' secure areas. We are also producing and distributing a Small Business Compliance Guide to assist small businesses in their implementation of the program.

• *Preserving State regulatory flexibility whenever practical.* Mariner regulations and port security plans preempt state regulations. However, the TWIC regulations do not prohibit States from requiring background checks and badging systems for non-security purposes beyond the TWIC regulation. States may need to set standards for important purposes other than terrorism threats, such as theft or organized crime. As such, TSA is continuing to work with States like Florida, who have put a significant amount of effort into their access control systems.

• *Promoting and safeguarding privacy.* All data collected at an enrollment center is completely deleted from the enrollment center work stations after transmission to TSA. The entire enrollment record (including all fingerprints collected) is stored solely in a secure TSA system, which is protected through role-based entry, encryption, and segmentation to prevent unauthorized use. No paper records with personal identification information are created in the enrollment process.

• *Implementing technical innovation and adaptive contract management.* The TWIC card is a 21st century technology that accommodates evolving IT standards suited to emerging needs that span local, international, public, and private interests. This requires continual reevaluation of the scope and methods of contracting. The recent Lockheed Martin performance-based contract award is a culmination of our efforts to date. We will continue to look for and implement adaptive program planning, aggressive contractor oversight, and metrics to ensure the success of the program.

• *Addressing new issues that may arise as we continue to implement the program.* Coordinating the technology, such as card readers, create a changing environment and program control constraints. This is especially the case when the technology must be deployed to a vast multitude of entities with remote connectivity challenges (e.g., vessels) and varying degrees of access control system capabilities. We will closely monitor the results of the card reader pilot and work with the USCG to ensure the results are reflected in the final rulemaking.

Conclusion

In implementing TWIC, we are taking steps that constitute an extremely important aspect to the security of our port facilities and vessels. TSA will continue to work with the U.S. Coast Guard and our maritime stakeholders to ensure that, for the first time in history, thousands of independent businesses will have one interoperable security network and workers will hold a common credential that can be used across that entire network.

I appreciate the Subcommittee's keen interest in an effective implementation of TWIC and I thank you for your support. Mr. Chairman, this concludes my testimony, and I would be pleased to answer any questions that you may have.

Testimony of Judith Marks,

President, Lockheed Martin Transportation and Security Solutions

Before

The Transportation and Infrastructure Committee,
Subcommittee on Coast Guard and Maritime Transportation

On

TSA's Transportation Worker Identification Credential Program

Wednesday, January 23, 2008

Chairman Cummings, Ranking Member LaTourette and Members of the Subcommittee:

Thank you for the opportunity to discuss the Transportation Worker Identification Credential, or TWIC, program. I look forward to sharing the progress we have achieved on this important program. This testimony will provide a background on the TWIC program, the Lockheed Martin contract and the steps we have taken to begin enrollment of the maritime community.

The Transportation Worker Identification Credential (TWIC) is a Transportation Security Administration and U.S. Coast Guard initiative. The TWIC program provides a tamper-resistant biometric credential to maritime workers requiring unescorted access to secure areas of port facilities, outer continental shelf facilities, and vessels regulated under the Maritime Transportation Security Act, or MTSA, and to all U.S. Coast Guard credentialed merchant mariners. TSA has estimated that roughly 750,000 individuals will require TWICs. Enrollment and issuance began in October 2007. To obtain a TWIC, an individual must provide biographic and biometric information (such as fingerprints), sit for a digital photograph, and successfully pass a security threat assessment conducted by TSA.

The TWIC final rule, published in the Federal Register January 25, 2007, reflects input obtained through four public meetings and over 1,900 comments from the maritime industry. While TWIC may be implemented across other transportation modes in the future, the TWIC Final Rule sets forth regulatory requirements to implement this program in the maritime mode first. This rule does not require maritime owners and operators to purchase or install card readers compatible with TWIC at this time. A second rulemaking is anticipated in calendar year 2007 and will propose additional access control requirements and the use of electronic readers. The public will have opportunities to comment on the proposed standards.

The program's goals are:

- Positively identify authorized individuals who require unescorted access to secure areas of the nation's maritime transportation system;
- Determine the eligibility of an individual to be granted unescorted access to secure areas of the maritime transportation system;
- Enhance security by ensuring that unauthorized individuals are denied unescorted access to secure areas of the nation's maritime transportation system; and,
- Identify individuals who fail to maintain their eligibility qualifications after being permitted unescorted access to secure areas of the nation's maritime transportation system and revoke these individuals' permissions.

TIMELINE

The TWIC program began in the Spring of 2002 with Phase I, which was a planning phase conducted by TSA personnel. This phase concluded in Spring of 2003. Phase II was the technology evaluation phase, performed by Maximus, Inc. under contract to TSA. Phase II ran from Fall 2003 to Fall 2004. Phase III of the TWIC program was the prototype phase, performed by BearingPoint under contract to TSA. Phase III began in the Fall of 2004 and concluded with the prototype report which was issued in the Fall of 2005.

The current phase of the TWIC program, the production phase, was competitively awarded to Lockheed Martin in January of 2007 and is currently underway.

Relevant legislation includes the Maritime Transportation Security Act (MTSA) of 2002 and the Security and Accountability for Every (SAFE) Port Act of 2006.

Enrollment Activities to Date

Before discussing our role in depth, I'd like to provide a snapshot of where we are in the enrollment phase of the program. We have been operational for approximately 90 days and I am proud to report, we are deploying more sites faster than any other credentialing program in operation today. To date, we have enrolled over 43,000 individuals and over 10,000 of those enrollees have activated and received their cards. We have deployed to 52 of 147 port locations as of this week and are enrolling approximately 2,000 workers per day. We are proud that Lockheed Martin has met every contractual milestone on the TWIC program including deploying to some of the nations' largest ports including LA/Long Beach, New York, and Houston. We are reporting very good overall wait times at enrollment facilities. Perhaps most importantly, we have received a greater than 90% positive customer satisfaction rating to date based on customer surveys. As with any program of this magnitude, we have experienced some start-up challenges, in areas such as network connectivity, customer interaction, and wait times. We feel strongly that these issues are all resolvable and, have immediately deployed resources, assets and skilled people to address them when and where they are identified. We strive to apply the lessons we learn in each port deployment to avoid repetition.

LOCKHEED MARTIN'S PHASE IV CONTRACT AND TSA OVERSIGHT

Lockheed Martin was awarded the TWIC Phase IV contract on January, 29, 2007. The initial task order, Task Order 1, provides for initial enrollment of the maritime population, as well as support of the Information Technology (IT) system that collects applicant information and manages the lifecycle of the TWIC Credentials. The term of the initial contract award is through October of 2008. Four additional options, if exercised, would extend the contract to January 2012, for a total of five years.

The TWIC Phase IV contract is performance-based, with financial incentives and disincentives tied to measurable performance goals. Lockheed Martin developed a Quality Assurance Surveillance Plan (QASP) which contains specific metrics negotiated with TSA. As part of our contract, these metrics will be used to determine whether we are meeting the performance goals and whether we receive award fees or if we must remit penalties. TSA has identified a specific quality assurance monitor to track the following key performance parameters:

- On-time Port Mobilization
- On-Time Completion of Maritime Population Enrollment
- Customer Satisfaction
- Enrollment Wait Time
- Enrollment Processing Time
- Fingerprint Reject Rates
- Helpdesk Response Time
- Helpdesk Resolution Time
- Enrollment Failure Rate (Enrollments that Fail to Process)

The TWIC fee, as of October 1st, 2007, is $132.50 for a new credential, for an applicant who does not possess a current qualifying background investigation. This fee breaks down as follows:

- $43.25 for Information Collection / Credential Issuance (Lockheed Martin)
- $72 for Complete Security Threat Assessment (STA) and Card Production (TSA)
- $17.25 FBI Criminal History Records Check

The $43.25 collected by Lockheed Martin covers the cost of enrollment facilities, personnel, travel, and fixed and mobile enrollment equipment. This fee also covers the cost of the card stock, which is delivered by Lockheed Martin to TSA's card printing facility in Corbin, KY. This card production operation is run by the US Customs and Immigration Service (USCIS) and is outside the scope of Lockheed Martin's contract. In addition, the background vetting of TWIC applicants, selection and schedule of port enrollments, the Consolidated Screening Gateway (CSG), adjudication of eligibility, appeals, and the card readers are also outside the scope of Lockheed Martin's contract; the responsibility for these activities rests with TSA.

Lockheed Martin brings a number of relevant strengths to the Phase IV contract. The most significant challenges that we face are as follows:

(1) Rapid deployment of personnel and equipment to facilities that we must locate and secure on a very tight timeline,
(2) Support, maintenance, and evolution of a complex information technology system involving advanced biometric identification systems and protection of sensitive personal information, and,
(3) Higher than anticipated populations in the Gulf Coast specifically in Louisiana and Houston.

Lockheed Martin has spent many years evolving our biometric and credentialing expertise. Dating back to the 1980's when Lockheed Martin began development of the FBI's Integrated Automated Fingerprint Identification System (IAFIS), we have had decades of experience in the biometric field. Over the past five years we have supported the federal government in advancing their HSPD-12 employee credentialing activities, including collaborative work with DHS, HHS, and GSA. As the lead systems integrator, we also provide core technology and integration services to the Registered Traveler initiative.

PROGRAM OUTREACH

While TWIC is a complex logistical undertaking and an advanced technology activity, we recognize that it is more than just another large, complex project management task. This program will touch hundreds of thousands of Americans' lives, and we have taken steps to ensure that the experience is as positive as possible for those affected. We have included, as part of our rollout strategy a Communications and Stakeholder Outreach Team led by Deloitte Consulting, LLP. There are two key elements to this team's strategy as follows:

(1) **National-Level Stakeholder Leadership Communications and Feedback** – As part of the Lockheed Martin proposal to TSA, we recognized that effective stakeholder outreach and communications would be critical for success. This activity is facilitated primarily through the formation of the TWIC Stakeholder Communications Committee (TSCC). The TSCC is facilitated by Lockheed Martin and Deloitte Consulting. TSA and the Coast Guard take a leadership role in our monthly TSCC meetings, which are attended by representatives from 49 organizations including labor unions, industry associations, and other related groups. The TSCC provides a forum for communication about the program status and key features, and allows an opportunity for stakeholders to provide feedback and voice concerns. Each TSCC meeting features at least one special topic, such as an overview of the TWIC technology, or a briefing from an Administrative Law Judge (ALJ) on the Appeals & Waivers Process. Each meeting covers rollout status, review of action items, and an open forum for members to ask questions on topics of interest. The TSCC is an important channel for dissemination of information to the maritime population.

(2) **Local Port Outreach** – At the local level, the Outreach Team has been working since the Phase IV contract was awarded to meet directly with local stakeholders either by telephone or in person. The purpose of these meetings is to educate the local population on the key elements of the TWIC program, and to obtain their support in communicating with the local population. Where possible, these outreach sessions are a collaborative

effort between the Lockheed Martin Team, TSA, and the Coast Guard. We begin the outreach process by working through the Coast Guard Captains of the Port, and attempt to reach all key stakeholders. We provide leave-behind materials in the form of flyers and posters, so that local stakeholders can continue to act as a "communications force multiplier" with the local population.

ENROLLMENT POPULATION

One of our key focus areas in our deployment operations is to understand the size and geographic distribution of the maritime population. Initial projections developed under contract to TSA were provided to Lockheed Martin as part of the TWIC IV solicitation process. These projections indicate an estimated 750,000 applicants will be enrolled during the initial term of the Lockheed Martin contract. Since contract award, the Coast Guard, TSA, and Lockheed Martin have received reports from a number of ports indicating that the actual population may be significantly larger in some areas than was initially anticipated. We anticipate the initial population to be slightly over 1 million people, versus the initial estimate of 750,000. We are responding to these concerns in two ways:

(1) Under the leadership of the Coast Guard, TSA and Lockheed Martin have participated in a series of conference calls with each Coast Guard District to discuss specific population discrepancies and to request data that would support increased estimates at specific ports. In addition, we have more detailed discussions in the Gulf Coast, specifically in Baton Rouge and Houston where we see higher than initially anticipated numbers. Once we have obtained any revised population figures, facilities, equipment, and personnel will be adjusted as appropriate in our deployment plans. Lockheed Martin will continue to follow up with each port's stakeholder community as launch dates approach and ensure that we have surge capacity on hand to respond to greater than expected turnout.

(2) Because we will always have some level of uncertainty in the anticipated enrollment population, we have taken a very flexible approach to planning our operations. We will focus first and foremost on use of mobile enrollment workstations that can be taken directly to stakeholder facilities. This provides an additional level of convenience for the individual workers, and also allows for more effective management of applicant throughput, by minimizing lines at fixed facilities and easing the burden on major employers. In addition to use of mobile units, we have developed a national surge plan that will allow for rapid expansion of capacity at any of the 147 port locations. The first step would be to extend the hours or add additional work shifts with our existing enrollment staff. Second, we would add additional staff and increase hours and shifts. The third step would be to increase the number of enrollment stations by bringing in mobile enrollment stations. Lastly, Lockheed Martin would secure additional fixed facility space. We demonstrated this flexibility and used this plan to move additional assets and resources into key areas such as Baton Rouge, Lake Charles, New Orleans and Houston. In addition, we have commenced mobile deployments at 18 locations to date. We have achieved significant success in these deployments and received very positive customer feedback.

PRIVACY AND DATA SECURITY

We recognize that the information provided by TWIC applicants is personal in nature and subject to privacy restrictions. We have engaged Deloitte Consulting's Privacy Practice to review the data handling of the TWIC program and to design and document a comprehensive privacy system for TWIC. Deloitte is recognized as a leading global provider of privacy and data protection services, having privacy practitioners around the globe. Deloitte employs over 185 privacy professionals in the US and Canada, over 30% of whom are Certified Information Protection Professionals (CIPPs).

The TWIC Privacy System addresses the following:

- Transparency in privacy practices to the applicants for the TWIC program in the handling of applicant's Personally Identifiable information (PII);
- Outlines the individual rights and privileges of applicants and card holders;
- Supports applicant's consent for collection, use, and disclosure of PII;
- Outlines acceptable use and handling of applicant and card holder's PII by the TWIC Program;
- Identifies the key security safeguards to support the privacy and confidentiality of PII; and,
- Enables change management for the privacy system to reflect changes in laws, regulations or TWIC program requirements.

The TWIC program has applied the preceding features across four key elements of the overall program:

- **IT Security** – All TWIC applicant data is protected electronically from the moment it is obtained. All of our data communications are processed over secure network connections and all data is encrypted, both in transit and at rest. Applicant data is only stored on a local enrollment station until it is transmitted to the central database. Provided a secure connection exists at the time of enrollment, the applicant's data is erased from the local machine immediately upon completion of the transaction. For added security and accountability, all persons processing a system transaction must digitally sign that transaction using a digital certificate from their own TWIC credential.

- **Physical Security** – The central TWIC system is housed in a secure government facility, and can only be accessed by individuals possessing a TSA security clearance and a demonstrated need for system access. Our enrollment facilities are secured after hours, and any TWIC credentials located on premise are stored in a GSA-rated safe when the center is not open for business. When enrolling a TWIC applicant, we ensure that a physical barrier exists between enrollment stations and the waiting area,

so that applicant data is kept confidential to the applicant and the trusted agent performing the enrollment.

- **Privacy Officer** – We have identified an individual who is the privacy advocate for the Lockheed Martin elements of the TWIC program. This person will act as an advisor for disposition of issues raised by any TWIC applicant who has concerns about Lockheed Martin's handling of their personal information. This person has extensive privacy experience, having dispositioned legal matters related to legislation such as the Driver's Privacy Protection Act (DPPA) and the Health Insurance Portability and Accountability Act (HIPPA), as well as providing counsel on privacy matters to a number of DHS programs.

- **Helpdesk Security** – When an applicant calls our helpdesk, it is important that they quickly obtain useful information about the status of their account. Equally important, however, is verifying the caller's identity, before any personal data is divulged. For this reason, our privacy program includes helpdesk authentication procedures for validation of identity during helpdesk calls.

STAFFING

We anticipate employing over 400 field personnel at the peak of the maritime population enrollment period. The selection and training of these personnel is of paramount importance to our success. We are selecting personnel local to each port enrollment location to maximize local familiarity and to provide for a long-term base of trained personnel after the initial enrollment period. Our personnel are selected based on behavioral interviewing techniques focused on the capability to perform a customer service-oriented function. Once hired, our personnel must complete the TWIC credentialing process, including the same Security Threat Assessment (STA) that a transportation worker must undergo. No access to the TWIC system is granted without the STA being successfully completed. All of our personnel must successfully complete 40 hours of classroom training. This includes technical training and customer service training. We deliver both lecture course materials and scenario-based role-playing techniques. Of the 40 hours of classroom training, 21 hours are dedicated to customer service-related topics. In addition, we incorporate lessons learned at operating enrollment locations to further improve the customer service experience for enrollees as well as provide on-the-job updates to our trusted agents.

MINIMIZING INCONVENIENCE

As we recognize that the TWIC credentialing process will be an added burden on a population that is already working hard to support a constantly-growing maritime transportation system, we have taken steps to make this process as convenient as possible. Features of the TWIC deployment approach include:

(1) **Mobile Enrollment and Card Issuance** – As mentioned earlier in this document, we will work with major stakeholders at all ports to enroll as much of the population as

possible at stakeholder facilities. These may be employer facilities, union halls, or industry association offices. We will also coordinate the issuance of cards at these locations wherever possible, again to provide convenience.

(2) **Pre-Enrollment Options** – To minimize the time a worker must be onsite at an enrollment location, we offer multiple pre-enrollment options. Pre-enrollment involves advance provision of biographical information so that this information does not need to be collected at the time of enrollment. Pre-enrollment may be accomplished online, via the TWIC Helpdesk phone number, or, at larger ports, via laptop-based self-service kiosks. Pre-enrollment also provides an opportunity to schedule an appointment at the TWIC enrollment facility, further reducing an applicant's wait time.

(3) **Multilingual Support** – We recognize that certain parts of the country have significant populations of non-native English speakers. In these locations we will have trusted agents who speak other languages. Our pre-enrollment website and helpdesk are both bilingual (English/Spanish), as is our enrollment center workstation software.

(4) **Fingerprint Rejects** – As with any program involving a FBI background fingerprint check, a percentage of the population will have their fingerprints rejected by the FBI as unreadable. This represents an inconvenience for the applicant because, in this scenario, another set of prints must be collected. While we cannot eliminate this situation, we can minimize and educate in the process. To minimize the number of rejects, we are applying quality algorithms to each set of fingerprints captured in our enrollment centers. This provides trusted agents with an immediate indicator if prints are of low quality, and provides an opportunity to recapture them on the spot. If repeated attempts to capture high-quality prints are unsuccessful, the applicant can be educated at the time of enrollment on the possibility of an FBI rejection, and can plan in advance for a possible resubmission. The use of the advance quality check on other programs, specifically the TSA HAZMAT driver endorsement program, has kept FBI rejects to 1.5-2% of the applicant population, less than half of the 4% average seen by the FBI. To date, we have seen approximately a 2% reject rate with an overall improvement at each enrollment center over time.

GULF COAST

One of the areas we have seen significant differences in the population estimates to date has been in the Gulf Coast. In Baton Rouge, initial estimates were in the 6000 range and current estimates appear to be closer to 40,000 to 60,000. This initially resulted in higher-than-expected demand, particularly in sites such as Baton Rouge and Lake Charles, which resulted in longer-than-desired wait times. To address this, we have implemented our surge plans and have taken several key actions.

In Baton Rouge, we have increased our capacity to five times greater than the number of enrollment stations originally deployed. In addition, we have scheduled mobile enrollment at four additional sites. Feedback from our Exxon mobile enrollment has been positive and we have seen a reduction in wait times at the Baton Rouge site. We are also working to extend the

operating hours and increase staff. We recently opened in New Orleans and we are taking a similar approach there. In addition to the fixed enrollment center, we will be utilizing three mobile enrollment locations. Finally, in Lake Charles, we have implemented surge plans and have increased our enrollment capacity threefold to ensure we are prepared to handle the expected population. We have seen a significant improvement in both throughput and wait times at this site. We have an additional site opening in South Louisiana the week of February 18th.

In Houston, we anticipated a large demand and started with a higher capacity than originally planned, we also instituted longer operating hours. To date, Houston throughput has been the highest of any site to date, averaging 250 enrollments per day with good wait times. We will continue applying these lessons learned and adjust and surge as required to meet the demand.

CONCLUSION

Mr. Chairman, as you know, Lockheed Martin is involved with a number of homeland security programs. With each of these, the goal of a less vulnerable, more secure nation drives our every action. With TWIC, we are particularly proud to have the opportunity to work on a program that will protect the engine of America's economy: her ports. In so doing, and in strong partnership with TSA, we bring to bear our technical skill and resources to implement this initiative in a manner that is both secure and convenient. We will continue to serve our customer with pride and dedication, doing all that we can to minimize inconvenience to port workers while striving for the best in maritime security.

Thank you for the opportunity to submit this testimony for the record.

Maryland Department of Transportation
The Secretary's Office

Martin O'Malley
Governor
Anthony G. Brown
Lt. Governor
John D. Porcari
Secretary
Beverley K. Swaim-Staley
Deputy Secretary

Testimony of
John D. Porcari, Secretary
Maryland Department of Transportation
Before the
U.S. House of Representatives
Transportation and Infrastructure Committee
Subcommittee on Coast Guard and Maritime Transportation
Hearing on Transportation Workers Identification Credentials
Wednesday, January 23, 2008

Good Afternoon Chairman Cummings, Ranking Member LaTourette and Members of the Subcommittee. My name is John Porcari. I am the Secretary of Transportation, representing the Chairman's home State of Maryland. With me today is Mr. Jim White, Executive Director for the Maryland Port Administration which oversees the public marine terminals at the Port of Baltimore.

On behalf of our Governor Martin O'Malley, I thank you for the honor to address this distinguished Committee on issues pertaining to the Transportation Workers Identification Credential, known as TWIC.

Before I brief the Committee on the TWIC operations currently in place at the Port of Baltimore, it will be very beneficial to the Committee if I can briefly share some key facts about our Port. Knowing the "big picture" will enable you to better understand how all the components involved with TWIC fit in at the Port of Baltimore.

Founded in 1706, the Port of Baltimore is one of the oldest ports in the United States. The Port of Baltimore is comprised of seven public marine terminals and about 30 private terminals on 45 miles of waterfront land. Both the public and private terminals contribute to the rich selection of maritime services that makes our Port competitive and a main economic engine for Maryland. Out of 361 U.S. ports, the Port of Baltimore is currently ranked 14th for total cargo tonnage and 12th for value of cargo handled.

The Port of Baltimore is the number one port in the country for importing forest products that are used to manufacture magazines, paper towels, napkins and newspaper inserts. It's also the number one U.S. port for handling roll on/roll off cargo (farm and construction equipment) and for importing gypsum and iron ore.

The Port of Baltimore ranks second in the U.S. for exporting cars and trucks as well as importing sugar, wood pulp and aluminum. In 2006, the amount of general cargo at both the public and private terminals exceeded nine million tons for the first time in the Port's history. The total value of cargo was valued at $36.7 billion, breaking the previous record set one year earlier.

The Port of Baltimore remains one of Maryland's key economic engines. The Port is responsible for approximately 16,500 direct jobs, while more than 300,300 jobs across the state are linked to activities at the Port of Baltimore.

The Port generates billions of dollars in salaries, business revenues and federal taxes. In 2006 the Port of Baltimore generated $3.6 billion in personal wage and salary income; $1.9 billion in business revenues; and State, county and municipal taxes of $388 million. The Port of Baltimore today is a vital component to the overall economic health of the State of Maryland.

The Port of Baltimore prides itself on having an outstanding relationship with its security partners— among them, the Maryland Transportation Authority Police, U.S. Coast Guard and Customs.

On November 21, enrollment for TWIC began at the Port of Baltimore. We had been anticipating this date for a long time and were prepared. In fact, last summer we installed a new high-tech automated gate control system for trucks that is already compliant with TWIC software.

As you know, TWIC is a tamper-resistant identification "smart card" that will be required for unescorted access to secure and restricted areas of Maritime Transportation Security Act (MTSA) regulated facilities. By no later than September 25, 2008 (but sooner if announced by the Coast Guard), anyone who requires unescorted access to a facility or vessel regulated by MTSA must have a TWIC card.

As of January 17, 2008, 1,480 persons had enrolled for TWIC cards at the Baltimore enrollment site. Of that number, 367 TWIC cards were activated and issued. It is estimated that there will be about 25,000 persons requesting a TWIC card for unescorted access at the Port of Baltimore.

To date, TWIC enrollment at the Port of Baltimore has been slow. This can be attributed to any number of issues: cost of the card; payment arrangements by public and private institutions; and reluctance of individuals because of concerns about disqualifying background criteria.

The Maryland Port Administration, which oversees the public terminals at the Port of Baltimore, has met with private terminals, trucking associations, port customers and other stakeholders to update them on TWIC. We advocate that continued efforts by TSA and Lockheed Martin to publicly announce TWIC requirements and implications through local television and radio broadcasts would greatly aid general awareness.

The MPA continues to issue weekly electronic bulletins to the Baltimore maritime community advising persons conducting regular business on MPA terminals of the TWIC enrollment process and the need for a TWIC card on MPA terminals when TWIC becomes required. We also communicate TWIC information on our website.

With respect to Labor Unions, employees have been encouraged to enroll now for TWIC before it is officially enforced by the Coast Guard. By enrolling now, an employee who did

not receive their card early could possibly appeal, and if successful receive a TWIC card prior to TWIC enforcement.

As previously stated, our Port continues to work very closely with the Coast Guard implementing TWIC. As we move forward to make TWIC a successful operation, we will address the following concerns:

1. Temporary and day laborers have expressed concern about the cost of the card even though they may not seek employment at regulated facilities on a regular basis.

2. Vendors may not have one driver that exclusively makes deliveries to regulated facilities and may not want to have all of their drivers obtain a TWIC for access to regulated facilities. Consequently, delivery trucks not having a TWIC driver will have to be escorted on MPA terminals.

3. Contractors may have difficulty soliciting and fulfilling contracts on regulated facilities because they may not have employees or subcontractors that have TWIC cards at the time of the contract.

4. Cruise terminals are MTSA-regulated areas. When implementing TWIC, we will need to determine at the same time, how to also manage the entrance and exit of passenger vehicles needing access to the cruise facility, as well as crew shuttles, vendors, taxi cabs and buses patronizing the cruise industry.

5. Besides a TWIC card, guidelines for having an authorized purpose for port access need further review and clarification. Purpose or reason satisfied to enter a terminal at any one given facility will not necessarily authorize purpose or reason to enter another given facility. Consequently, many ports will be faced with maintaining two systems for port access: TWIC possession and a second port facility identification card or credential to validate an authorized purpose or reason for being on the facility. Guidelines for escorting and monitoring also need to be better defined.

In addition to public terminals, private terminals are also experiencing similar issues of escorting requirements; the cost of implementing TWIC to either their businesses or directly to employees; escorting requirements; TWIC business rules; and the cost to change their access control procedures and make capital improvements to implement TWIC requirements.

Maryland Governor O'Malley has said it is his goal to make the Port of Baltimore one of the most secure ports in the nation. We want to accomplish that goal with limited negative impact to the flow of commerce. The Port of Baltimore together with our U.S. Coast Guard is committed to achieving success with TWIC at our port. We certainly owe at least this much to the millions of men and women across our country who work on the waterfront everyday.

Thank you.

# # #

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DEPARTMENT OF HOMELAND SECURITY

U. S. COAST GUARD

STATEMENT OF

REAR ADMIRAL BRIAN SALERNO

ON THE

TRANSPORTATION WORKER IDENTIFICATION CREDENTIAL (TWIC)

BEFORE THE

COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE

SUBCOMMITTEE ON COAST GUARD AND MARINE TRANSPORTATION

U. S. HOUSE OF REPRESENTATIVES

JANUARY 23, 2008

Good Afternoon Mr. Chairman and distinguished Members of the Subcommittee, thank you for the opportunity to speak with you about how the Coast Guard, in partnership with the Transportation Security Administration (TSA), is implementing the Transportation Worker Identification Credential (TWIC) program.

At the outset, I would like to note that with commencement of TWIC enrollment in Wilmington, Delaware on October 16th, 2007, and approximately 50 other ports thereafter, this program reached a major milestone where the plans and capabilities developed in the past will start to yield security benefits envisioned for the future. In the 12 months since DHS published the TWIC requirements in a Final Rule, the Coast Guard and TSA have been laying a solid foundation in the form of regulation, policy, systems, and capabilities which sets the stage to succeed with enrollment and compliance. The deliberate process and careful steps taken to lay this foundation have been absolutely crucial to ensure that we gain the full security benefit from TWIC and minimize the negative impact of the program on trade and the many hundreds-of-thousands of people who are required to enroll.

Background

In understanding where we are today, I would like to review the efforts of the past. The TWIC program builds on the security framework established by Congress in the Maritime Transportation Security Act (MTSA) of 2002. Coast Guard regulations stemming from the Act established security requirements for maritime vessels and facilities posing a high risk of being involved in a transportation security incident. MTSA also required the Department of Homeland Security (DHS) to issue a biometric transportation security card to all licensed and documented U.S. mariners as well as those individuals granted unescorted access to secure areas of MTSA regulated vessels and facilities. TSA was assigned this requirement, and because of our overlapping responsibilities, the Coast Guard and TSA formally joined efforts to carry out the TWIC program in November 2004. In this partnership, TSA is responsible for TWIC enrollment, security threat assessment and adjudication, card production, technology, TWIC issuance, conduct of the TWIC appeal and waiver process, and management of government support systems. The Coast Guard is responsible for establishing and enforcing TWIC access control requirements at regulated vessels and facilities. Both agencies partner daily to make sure that our collective efforts achieve the increased security objectives that MTSA intended.

TSA and Coast Guard published a joint TWIC Notice of Proposed Rulemaking (NPRM) on May 22, 2006. Following the publication of the NPRM and the subsequent comment period, Congress enacted the Security and Accountability for Every Port Act of 2006 (the SAFE Port Act). The SAFE Port Act created new statutory requirements for the TWIC Program, including: the commencement of a pilot program to test the viability of TWIC cards and readers in the maritime environment; deployment of the program in priority ports by set deadlines; inclusion of a provision to allow newly hired employees to work while the TWIC application is being processed; and concurrent processing of the TWIC and merchant mariner applications.

TSA and the Coast Guard published the TWIC final rule on January 25, 2007 in which the Coast Guard's MTSA regulations and TSA's Hazardous Material Endorsement regulations were amended to incorporate TWIC requirements. Despite the original proposal in the NPRM, this final rule did not require the installation of card readers at vessels and facilities. This requirement is currently being addressed in a second notice and comment rulemaking discussed hereafter.

Policy
The Coast Guard and TSA developed several supplementary documents to help those who are required to comply with the regulation. To explain in detail how the Coast Guard and TSA intend to apply TWIC regulations, we established policy guidance in the form of a Navigation and Vessel Inspection Circular (NVIC), and answers to three Policy Advisory Council Frequently Asked Questions which were made available to the industry and general public on July 6, 2007, November 21, 2007 and January 7, 2008 respectively. The Policy Advisory Council is a group that was established during the original implementation of the MTSA regulations. It is comprised of Headquarters, Area, and District representatives charged with considering questions from stakeholders and/or field offices to ensure consistent interpretation of regulation. These guidance documents will assist the maritime industry and general public with TWIC compliance and are designed to ensure consistent application across all of our MTSA regulated facilities and vessels. Two Small Business Administration Compliance Guides, one for owners and operators and another for TWIC applicants, were written to explain the program in basic language intended for the general public. These guides are available on our web sites and at our field units in printed form. Internal guidance documents for training, implementation, and enforcement for Coast Guard and TSA personnel continue to be developed.

Stakeholder Engagement
From the outset, engagement with our affected stakeholders has been crucial to the program's success. The responses received during the NRPM comment period provided valuable insight into the unique operational issues facing labor, maritime facilities, and vessels required to comply with TWIC requirements. Comments questioning the technological and economic feasibility of employing the TWIC cards and card readers in the maritime environment led to the splitting of the rule and card reader requirements being addressed in a separate rulemaking.

Throughout February and March of last year, the Coast Guard solicited comments from Coast Guard field units and industry stakeholders while drafting the TWIC NVIC. We received over 400 comments voicing general support for the policy and highlighting issues which needed more clarification. The stakeholder dialogue has continued, and we collectively identify other issues and set forth policy in the form of Policy Advisory Council decisions to help with consistent TWIC implementation. Since publication of the Final Rule, the Coast Guard, TSA and TSA's contractor Lockheed Martin have conducted numerous outreach events at national venues such as Passenger Vessel Association, American Waterways Operators, National Association of Charter Boat Operators, National Association of Waterfront Employers, and National Petrochemical Refiners Association meetings, SMART card and biometric industry conferences, maritime union meetings, American Association of Port Authorities conferences and many others.

Reader Requirements
The Coast Guard, with the support of TSA, has commenced work on the second TWIC rule which will address the requirement for TWIC readers in the maritime environment. Our intent for this rulemaking is to apply requirements in a risk-based fashion to leverage TWIC security benefits and capabilities. Moreover, the Coast Guard and TSA solicited and received valuable input and recommendations from the Towing Safety Advisory Committee (TSAC), Merchant Marine Personnel Advisory Committee (MERPAC) and the National Maritime Security Advisory Committee (NMSAC) on specific aspects of potential applications of readers for vessels and facilities. As in all aspects of the TWIC program, our goal in this is to enhance maritime security while balancing the impact upon the stakeholders who are at the forefront of providing that security. As we evaluate the economic and

operational impact on the maritime industry, which is also a critical component of our national maritime security efforts, we will continue to seek their input and recommendations as we develop and propose regulations requiring industry compliance.

Redefinition of Secure Areas
Owners or operators of facilities containing both a maritime transportation portion and a non-maritime transportation portion, such as areas devoted to manufacturing or refining operations, can request a redefinition of their secure area where TWICs will be required for unescorted access. This process includes an amendment to a facility's security plan and is currently underway across the U.S. with owners and operators engaging directly with their local Coast Guard Captains of the Port (COTP) to determine how TWIC will be applied at their facilities. We believe this flexibility will be helpful to regulate entities.

Enrollment Sites by Port
With a goal of maximizing convenience and service to the maritime community, we solicited input from Coast Guard Captains of the Port and stakeholders, resulting in the addition of a number of fixed enrollment sites and the shifting of others. Today, the list contains 147 port enrollment locations including key inland ports such as Paducah, Kentucky, as well as remote locations such as Saipan, where MTSA-regulated facilities and vessels routinely operate.

Reader Pilot Testing
In accordance with the SAFE Port Act of 2006, TSA and the Coast Guard have identified geographically and operationally diverse port and vessel locations willing to participate in the reader pilot testing. We have been engaged in planning these pilot tests with the ports of Los Angeles, Long Beach, New York, New Jersey, Brownsville and Watermark Cruises in Annapolis, Maryland, all of which have volunteered to participate and have received grants to purchase and install readers with necessary equipment. The initial planning and testing protocols have been developed and we look forward to deploying and testing readers in real world environments over coming months. The data and lessons-learned from the pilot tests will be invaluable informing the second proposed rulemaking.

The Way Ahead
As enrollment rolls out across the country, the Coast Guard is also focusing on implementation and enforcement of the TWIC regulations. Compliance for regulated facilities will be staged for each COTP Zone to gain the security benefits of the program as early as possible. We are still in the early stages of enrollment, and TSA and the Coast Guard are monitoring enrollment progress and trends. As we consider appropriate COTP zone compliance dates, we are mindful to balance the motivation to enroll with the capacity to deliver. In each case, the Coast Guard will announce compliance dates for each zone at least 90 days in advance. Currently, vessels and all mariners will have to have TWICs by the national compliance date of September 25, 2008.

To leverage TWIC's biometric capability, the Coast Guard is in the process of procuring handheld biometric card readers which will enable verification of identity and validity of their credentials during our vessel and facility inspections and spot checks. We are also on track to develop the systems necessary to implement the provision for newly-hired employees to work while they await issuance of a TWIC. Internally, we are crafting policy for enforcement of the TWIC program in our ports and will seek collaboration with other law enforcement agencies.

Conclusion

The TWIC program is a complex endeavor. However, we are working with TSA to set a solid foundation upon which to ensure implementation and improve enrollment. We have accomplished important milestones, strengthened working relationships with public and industry stakeholders, and held to a steadfast commitment to protecting the maritime transportation system while facilitating commerce. While we have accomplished a great deal to set the stage for this program, we acknowledge that the process has not been trouble-free. Inevitably, we will continue to encounter challenges, as happens in any major endeavor of this complexity. As we have in the past, we will address each of these in turn, to the best of our ability, and keep Congress informed of our progress. Thank you for the opportunity to testify today. I look forward to your questions.

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