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THE SECURE BORDER INITIATIVE: ENSURING EFFECTIVE IMPLEMENTATION AND FINANCIAL ACCOUNTABILITY OF SBINET

HEARING

BEFORE THE

SUBCOMMITTEE ON MANAGEMENT, INTEGRATION, AND OVERSIGHT

OF THE

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THE SECURE BORDER INITIATIVE: ENSURING EFFECTIVE IMPLEMENTATION AND FINANCIAL ACCOUNTABILITY OF SBINET

Wednesday, November 15, 2006

U.S. HOUSE OF REPRESENTATIVES,
COMMITTEE ON HOMELAND SECURITY,
SUBCOMMITTEE ON MANAGEMENT,
INTEGRATION, AND OVERSIGHT,
Washington, DC.

The Subcommittee met, pursuant to call, at 3:05 p.m., in Room 311, Cannon House Office Building, Hon. Mike Rogers [Chairman of the Subcommittee] presiding.

Present: Representatives Rogers, Souder, Meek and Thompson (ex officio).

Mr. ROGERS. I would like to call this meeting to order. This is going to be the Committee on Homeland Security, Subcommittee on Management, Integration, and Oversight, and today we are holding a hearing on technology contracts under the Secure Border Initiative, referred to as SBInet.

First I would like to take a moment to welcome all of our panelists here. I told them a little earlier it is like old friends, wink, wink. We are seeing regular leadership people here today. They have been before this Committee many times, and we are happy to have you back talking about this very important initiative.

This hearing will review the new multiyear, multibillion-dollar contract which the Department of Homeland Security announced in September to help secure the northern and southern borders of the United States.

The hearing builds on three previous hearings we held on the mismanagement of the existing border technology program known as the Integrated Surveillance Intelligence System, or ISIS. At our first hearing in June of last year, the Deputy Inspector General for the General Services Administration testified that ISIS was, quote, a major project gone awry and, quote, a waste of taxpayers' dollars.

In our December hearing, the DHS Inspector General outlined many contracting and operational problems with ISIS which wasted tax dollars and left sections of our borders without camera coverage. In February of this year we explored what disciplinary actions were taken against those Federal employees who mismanaged the ISIS program. Unfortunately, we learned that most of those employees involved received only a slap on the wrist, while others were simply allowed to retire or move on to other agencies.

Due to these disturbing findings, I announced at that time we would hold a hearing shortly after the DHS—shortly after DHS awarded the SBInet contract, and that is why we are convening this hearing today.

Today we have four objectives. First, we will hear how SBInet will help secure the borders and how those responsible for planning it will implement it. Second, we want to ensure that the financial and program mismanagement that occurred in ISIS is not repeated in SBInet. Third, we also want to ensure that the operational problems of ISIS are fixed by SBInet. And fourth, we want assurances by both the government officials and company representatives that their employees involved in this program will be held fully accountable.

To further ensure that SBInet is properly managed, Ranking Member Thompson, Ranking Member Meek, and I introduced the Secure Border Initiative Financial Accountability Act of 2006. Last month the full House passed our bill, which requires the Inspector General to review contracts over $2 million and identify any problems. A similar provision was included in the DHS appropriations bill that was signed into law.

ISIS has been a poster child for government waste and mismanagement. Today I want to put the Department on notice I intend to work with the Members of this Committee and hold the Department's feet to the fire to ensure that the mistakes of the past are not repeated in SBInet.

Also, as the Ranking Member assumes the gavel in the next Congress, I look forward to continuing our bipartisan working relationship to improve the operations of DHS while safeguarding taxpayer dollars.

Mr. ROGERS. And now I would like to yield to my friend and colleague, the Ranking Member, Mr. Meek of Florida.

Mr. MEEK. Thank you, Mr. Chairman. I can tell you that we—it seems like déjà vu all over again with a couple of new faces, but we are glad you are here today to testify before this committee, and I want to thank you, Mr. Chairman, for your leadership in continuing to focus on this issue. This is very, very important.

I believe that counterparts in the Department and the different oversight agencies that are paying attention to the financial dealings of the Department of Homeland Security holds the same spirit as we do on the committee, and through our committee work I hope that message is going throughout the Department that we are paying very close attention to it, not just our staffs, but Members of Congress and definitely members of this subcommittee.

I can also share with you that this hearing today, especially the topic that we are going to discuss, once again has been studied a great deal by this subcommittee. SBInet is the Department's third try at putting technology on border—I mean, on border protection to get 24-hour, 7-days-a-week, 365-days-a-year surveillance between port entries.

Today we have—we have this third hearing to continue to follow step by step with the Department and also with those that have not only an investigative eye on the Department, but also as it relates to putting the standards towards accountability, and we want to hear your observations to date.

I know that we have—Ms. Duke, you have embedded, I wouldn't call them auditors, I would say individuals that are working along with the contract, as the contract is being executed. And I think it is also important for everyone to know that I, and I know many members of the subcommittee and full committee, still have questions that are yet unanswered about overall accountability.

I think that we have really a short time to continue to have the trust and confidence with the American people as it relates to any program similar to SBInet because of the past. Secretary Chertoff was here before this committee before we left on break, the full committee, assured us that he is paying very close attention to what is happening, and that he assured the committee that we wouldn't—would not see some of the mistakes of the past.

This hearing today, and I am glad that the Chairman called it in the 109th Congress, will definitely be in the record of this committee and also will continue to keep the staff updated on the forward progress of our work here.

I want to personally thank Mr. Chairman here for his cooperation during the 109th Congress and also the Congress before that. I mean, we have been working together; we are going to continue to work as a team. Like my grandmother says, as long as God preserves life, and we will continue to work with this Department together in a bipartisan way.

I think in this area, as we look at national security, is paramount. So I know that Mr. King holds that same—and I know that Mr. Thompson, I don't want to speak for him, holds that same spirit. I think that is the reason why we have been able to pass a lot of legislation out of this subcommittee. And right before we left, we passed legislation on the floor, and I think that the rest of the Congress knows that when we work together and work in a bipartisan way, that the American people win, and the national security wins.

Thank you, sir.

Mr. ROGERS. I agree and I thank you.

Mr. ROGERS. The Chair now recognizes the Ranking Member of the Full Committee, my friend and colleague from Mississippi, Mr. Thompson, for any statement he may have.

Mr. THOMPSON. Thank you very much, Mr. Chairman. I look forward to the testimony of our witnesses here today.

As has already been indicated, this is our third approach to this same problem. Hopefully, we will get it right this time. Boeing and Unisys have been awarded a contract to start with management and systems engineering of this Department. Some of us are a little concerned that, in essence, they would have to submit to the Department what they plan to do, the Department would have to approve, and so we still don't have that plan for border security.

As you know, Congress approved a 700-mile fence, physical fence. Somebody in the Department needs to explain to us how the physical fence relates to the virtual fence and whether or not the plan that should have been submitted this month, which I understand might be coming next month, will, in fact, become a reality.

So there are some things we need to work on. I look forward to it. I believe technology is the way to go in terms of these issues, but I want to make sure the technology we are promoting will get the job done.

The number one and number two approaches failed primarily because of procurement and management and lack of oversight, which I also want to get some information on how do we resolve some of those past issues.

The other thing, there is a goal of 40 percent small minority business requirement for this procurement. I want to know how the Department plans to monitor and make sure that these goals are met. It is wonderful; all of us represent areas where there are small businesses who report just all the time as to how we can get involved in this homeland security work. This is a wonderful opportunity, and I hope we structure some subcontracting plans that will allow that to occur.

Apart from that, Mr. Chairman, it has been good working with you. I look forward to the 110th to continue that process. There is no sense in interrupting our issues that we all deem necessary to address on this committee.

And I yield back the balance of my time.

Mr. ROGERS. I thank the gentleman.

I would like to call up the first panel. Under ordinary protocol, we would start with Ms. Spero, but today, as many of you can tell, the Chamber has been remodeled, and we got some new gadgets in here this time. And since Greg is in charge of gadgets for DHS, we would like Greg to start off with a presentation that will utilize some of this new technology in here.

So with that, I would call up Mr. Giddens. Also, I would remind all of the panelists if you could keep your opening statements to five minutes or less, you can submit your full written statement for the record, but that would get more time for us to have interaction, which is always, I think, one of those beneficial parts of these hearings.

And with that, the Chair recognizes Greg Giddens.

STATEMENT OF GREGORY L. GIDDENS, DIRECTOR, SECURE BORDER INITIATIVE PROGRAM, U.S. DEPARTMENT OF HOMELAND SECURITY

Mr. GIDDENS. Good afternoon, and thank you, Mr. Chairman, Ranking Member Meek, Ranking Member Thompson. It is an honor to come before you to talk about SBInet. It is an urgent issue for the Nation, and it is one that I respectfully submit that is worthy of your oversight.

I will not sit before you today and try to convince you in any way that this is an easy undertaking. This is a difficult challenge, and as you have noted, we have had attempts before this and have not been successful. We believe we have learned from those and are applying some of those lessons as we go forward.

Sir, I will try to keep my comments short, and I ask respectfully that the written comments be entered into the record, and we will see if we can use some of the technology here in the room.

The Department has an overall initiative to secure the border which tries to link in a very systematic way the efforts within Customs and Border Protection and Immigration and Customs Enforcement, CIS, the Coast Guard, intelligence in a really comprehensive manner that allows us to make progress on many fronts, and that we recognize that in order to secure the border, we

cannot just focus on the line; we have to think about what is happening beyond the border as well as at the border and in the interior, whether that is work site compliance or enforcement, whether that is supporting the passage of some temporary worker program to release some of the stress between the ports of industry.

Today we will be focusing on SBInet, which is the CBP program to provide the capability and capacity to allow our agents and officers to gain control of the border. CBP is an executive agent for that program, and it is really a comprehensive approach. While it does involve technology and gadgets and gizmos, that is not sort of the focus of this acquisition. The focus of this is to allow us to gain performance so we can get control of the border.

We started, as you may remember, back in January with an Industry Day, and at that point charted out a course to make this award by September, and in September, as has already been noted, we did make this award to Boeing. This was a full and open competition that CBP undertook and went through and made that award in September in that full and open environment. The SBInet contract is a 3-year base contract with three 1-year options, so it makes a maximum life of 6 years.

Now if I could, we will see if we can engage some of the technology on the screen. And there you go. So far so good with technology. That is a good start.

What I wanted to do, the point to make on this chart is what is in the middle of the chart, and that is the people. SBInet, no matter the technology, the infrastructure, the process, is not going to replace the people. It is going to allow people, the agents, and the officers to be more effective in the field. And we want to surround them with the right tool sets from infrastructure, from sensors, communication, providing them real-time situational awareness, and be able from a command-and-control perspective to support them as they deploy out in the field, but all of that making a strong linkage to the field operators.

In fact, when we started an at-source selection, we brought in people from the field from the beginning. In fact, at Industry Day, you may remember that Kevin Stevens, who is now the Deputy Chief of the Border Patrol, gave the keynote at the Industry Day to provide that perspective from the operators. And we have had them involved from the very beginning and even through the source selection activity to make sure that the decisions that we were making were well grounded and well founded from an operational perspective.

The next chart is to start to walk through some of the solutions that are being put forth in their proposal. The first shows mobile systems. Boeing chose to use mobile towers so that they could go out and through this mobile system make sure that the placement of these towers were indeed where they needed to be. The testing that will be done in the lab, the engineering work that will be done in the laboratory will help get this correct, but without a doubt there will be some cases where we go to field something, and we need ability to shift that around, and this mobile capability will allow us to do that so that we can get the towers, along with their radars and their infrared and their electro-optical cameras, in the

right place, and we can go out with GPS and go down and fill those in later with a fixed system.

What this also does is provide a communications backbone so that our agents and officers in the field can stay in touch with their organization, with their Border Patrol stations, as well as their sector headquarters, as well as be interoperational with the State and local partners. It also provides an opportunity to push that situation awareness out to the Border Patrol agent and to the field patrol officer. And in some cases, we can do that on landlines, but as you can imagine, in some cases along the border, it is very remote, and we will need to use satellite and footprints from the satellite for that coverage.

One of the things we are most excited about with this capability is to take that operational picture and to put it out in the hands in the people of the field so they can see real time the display with the camera. We will have this automated inview so they can see the blue force tracking and be able to see the picture from the camera right there in their hand. We think that is going to be very powerful not only from a performance perspective, but from a safety perspective as well.

My last chart, while it looks very complicated, it is not. It basically uses a time dimension to look at the border. And what it is trying to indicate with the top line that is indicating the vanishing point is trying to lay out a very simple algorithm that our ability to respond to a border incursion needs to be much less than the time it takes an illegal alien to get to a vanishing point.

For example, if you think that an illegal alien that may cross a remote area, if they make it to Tucson or Phoenix and get on a bus out of town, our chance at apprehension goes way down. We need to understand that dynamic all along the border, but at the same time understanding it is different along the border. We find out once you go out of the border, you have seen a mile of the border, you have seen a mile of the border. And we want to be very careful not to take something that works for one location and just apply that nondiscriminately across the border. We want to look at each aspect of the border and put the right decision in terms of the mix of infrastructure, technology and staffing.

The middle of the chart has borders, barriers, and fences along the port of entry. If you think about a border town such as Nogales, the time that someone would get to that vanishing point is very short, so you would want to use technical infrastructure to slow them down and allow us to have more response time. This basic border calculus chart and its governing algorithm that we want to make sure we can respond well within the time it takes an illegal alien to get to that vanishing point is what is going to guide us in a very systematic, disciplined manner to lay out the solution in each part of the border by understanding that it will change as we go forward. As we go forward in secure areas, the coyotes and the smugglers are going to react to that, and they are going the use different routes and different parts, and we need to be able to be less bureaucratic and more nimble in our approach so we can be more responsive to that so we can try to predict some of that, so we can be ready.

So this is certainly not a one-size-fits-all going out initially. The foundation of that would apply, but the placement and the mix of that will change to meet the operational needs so we can gain control of the border.

With that, I would just like to close by saying that we do recognize the complexity of this. We are committing significant resources to manage this, and there are certain areas that we need to focus on. And we have appreciated the relationship that we have had with the Office of Inspector General and the recommendations that they put forth, and we are working very closely with them and, as we go forward, implement those as it relates to things such as program management structure and staffing as well as solidifying the requirements as we go forward and how we are going to measure performance so we do have accountability not just within the government side, but accountability between the government and private industry.

And, sir, with that I would close, and I appreciate your indulgence if I went a little long.

Mr. ROGERS. No problem. Good job. I want to thank you for that.

[The statement of Mr. Giddens follows:]

PREPARED JOINT STATEMENT OF DEBORAH J. SPERO AND GREGORY GIDDENS

Introduction

Thank you, Mr. Chairman and Members of the Committee, for allowing me to appear before you today. I appreciate the opportunity to discuss the urgent and essential mission and management of the SBI*net* contract and how SBInet fits into the larger comprehensive Department of Homeland Security (DHS) strategy of securing America's borders. My testimony is intended to provide you with the information necessary to conduct your oversight role in this endeavor.

Secure Border Initiative (SBI): The DHS Approach to Comprehensive Border Security

The challenge of securing the Nation’s borders is enormous. Border security is a continuum that begins far beyond the borders of the United States and continues to the interior of our country. It must account for the movement of both people and goods and is not successful unless it protects the country from harm while allowing lawful trade and immigration. Border security requires a critical blend of tangible resources, such as personnel, technology, and infrastructure, along with intangible items, such as useful intelligence and strong partnerships with foreign governments.

As you well know, securing the borders of the United States is a Presidential priority. In his May 15, 2006 Address to the Nation, President Bush said: "First, the United States must secure its borders. This is a basic responsibility of a sovereign nation. It is also an urgent requirement of our national security. Our objective is straightforward: The border should be open to trade and lawful immigration—and shut to illegal immigrants, as well as criminals, drug dealers, and terrorists. . . .We are launching the most technologically advanced border security initiative in American history. We will construct high-tech fences in urban corridors, and build new patrol roads and barriers in rural areas. We will employ motion sensors, infrared cameras, and unmanned aerial vehicles to prevent illegal crossings. America has the best technology in the world, and we will ensure that the Border Patrol has the technology they need to do their job and secure our border.”

The Secure Border Initiative (SBI) is the DHS approach to lead our efforts against cross-border and international activities that threaten border security. This approach recognizes that the border is not merely a physical frontier. Securing it effectively requires attention to processes that begin far outside our borders, occur at the border, and continue within all regions of the United States. SBI will integrate and unify the systems, programs, and policies needed to secure the border and enforce our customs and immigration laws. It is a national effort to transform the border security continuum with the objective to disrupt, dismantle, and deter all cross-border crime and balance legitimate travel and trade into and out of the United States.

While SBI is a Department-wide priority and entity, my testimony today will only discuss the U.S. Customs and Border Protection's role and the SBI.net program.

CBP Overview

U.S. Customs and Border Protection (CBP) is the executive agent for the contracting and implementation of SBInet. CBP acts as the guardian of our Nation's borders, safeguarding the homeland against the entry of terrorists and the instruments of terrorism and enforcing the laws of the United States while fostering the Nation's economic security through lawful travel and trade. Within CBP's larger mission, the Border Patrol's time-honored duty of interdicting illegal aliens and drugs and those who attempt to smuggle them across our borders between the ports of entry remains a priority. The nexus between this traditional role and our post-September 11th mission is clear: terrorists and violent criminals may exploit smuggling routes used by migrants to enter the United States illegally and do us harm. Reducing illegal entries across our borders is now more than ever a matter of national security.

To secure operational control of our borders, President Bush announced a plan to increase the number of Border Patrol Agents by 6,000 by the end of 2008. We are grateful that the 2006 Supplemental and 2007 DHS Appropriations have provided 2,500 agents as part of this plan. This plan, when completed, will bring the total number of Border Patrol Agents to over 18,000, doubling the number of agents since the President took office in 2001. These additional agents will serve as a tremendous resource in combating border violence and the organizations that prey on innocent people on both sides of the border.

There is no stretch of border in the United States that can be considered completely inaccessible or lacking in the potential to provide an entry point for a terrorist or terrorist weapon. Stretches of border that in the past were thought to be impenetrable, or at least highly unlikely locations for entry into the United States, have in recent years become active illegal entry corridors as other routes have been made less accessible to smugglers. This vulnerability in the Nation’s borders must be accounted for when determining future infrastructure requirements.

SBInet Acquisition Overview

As part of the comprehensive DHS solution for border security, CBP will use the SBInet contract to acquire, deploy, and sustain the technology and tactical infrastructure necessary to achieve control at and between ports of entry. The SBI*net* Program incorporates acquisition best practices and lessons learned from previous border technology procurements to provide the most cost and operationally effective solution for securing the border. CBP selected an indefinite delivery, indefinite quantity (IDIQ) contract vehicle because the vastly different terrain, threats, and evolving nature of the operational environment require a solution that is flexible, adaptable, and tailored to specific needs.

The SBI*net* acquisition was conducted using full and open competition and resulted in a performance-based IDIQ contract. Several large businesses participated in the competition, submitting proposals that detailed the partnering relationships they intended to utilize to meet the Government’s program objectives and that provided solutions to securing the borders. The award of the SBI*net* contract to Boeing was announced on September 21, 2006.

The SBI*net* contract has a base period of three years and three one-year option periods for a total of six years. The Government's minimum obligation under the contract is $2 million over the term of the contract. The Government's maximum obligation is the full panoply of supplies and services necessary to provide 6,000 miles of secure border. The supplies and services required for this integration effort are, for the most part, commercially available. Major components consist of integration services, sensors, communication technologies and equipment, command and control systems and subsystems, and infrastructure and response capabilities.

The SBI*net* contract supports different contractual agreements due to the wide range of tasks to be performed. This allows DHS to structure the acquisition into discrete, workable phases, implemented through task and delivery orders, without committing the Government to acquire additional capability from the SBI*net* integration contractor. This approach will provide the greatest amount of flexibility to respond to ever-changing conditions and provide the best protection for the Government.

Further, the SBI*net* contract allows DHS to use other contract vehicles for the goods and services required for the SBInet Program. Thus, the Government reserves the right to compete some SBI*net* requirements through the use of other contract vehicles or methods when it is in the best interest of the Government. This includes the right to use other DHS contracts or Government-wide acquisition contracts, as appropriate. All such requirements will be carefully reviewed for small business set-aside potential.

Accountability

Drawing from previous experience, CBP used the IDIQ contract structure to select the company that offered the best overall strategy and value to the Government for SBI*net* while allowing direct government oversight and decision-making authority to oversee implementation. The technical proposals submitted by each company were required to include:

- Overall concept of operations for the SBInet solution.
- Quality assurance plan, measures, and metrics for the overall concept, as well as those that will apply to task orders/individual deliverables.
- Detailed management plan, including a defined conflict of interest mitigation plan.
- Detailed subcontracting plan.
- Past Performance information.
- Application of the concept, from both technical and cost perspectives, to the Tucson Sector.
- Differences in the application of the solution to the Swanton Sector.
- Defined deliverable to award with the master contract.

To ensure a clear scope for the over-arching SBInet contract, CBP selected stable top-level requirements, and we believe that the selection of the Boeing proposal validates the approach for acquiring a low-risk technological solution. The requirements for the SBInet solution are:

- Detect an entry when it occurs;
- Identify what the entry is;
- Classify its level of threat (who the entrant is, what the entrant is doing, how many, etc.); and
- Respond effectively and efficiently to the entry, bringing the situation to an appropriate law enforcement resolution.

These requirements are enduring and fundamental to the task of securing the border at and between ports of entry.

Additionally, the Government will evaluate each task order with separate measures and metrics. CBP will negotiate specific technical, operational, and performance requirements for each subcontract and delivery task order. This approach to task order management provides CBP greater visibility into the overall success of the SBI*net* solution, not only from a budget and schedule perspective, but most importantly from a requirements perspective. CBP will employ Make/Buy decision processes, to include evaluations of alternatives and cost, prior to awarding delivery task orders to ensure that the Government is receiving optimal value and that mission requirements are met. Once under contract, each delivery task order will be monitored with accredited Earned Value Measurement processes and will have a qualified and accountable Project Manager.

SBInet Oversight and Management

DHS and CBP believe that strong program management and contract oversight will ensure successful execution of SBI*net*. As part of the aforementioned lessons learned from a past acquisition program, CBP will manage the SBI*net* in-house for greater connectivity to the operators and control through direct oversight. CBP has established a robust program management structure to oversee the successful implementation of the solution and is rapidly building upon this foundation. The SBInet project team includes seasoned certified program managers and senior contract specialists. The DHS Joint Requirements Council and Investment Review Board will oversee deployment of the system throughout its life cycle.

As is appropriate with an acquisition of this scope, value, and importance, the DHS Office of the Inspector General (OIG) has already begun evaluating SBInet and offering recommendations. Independent insight is essential for making continuous progress in improvements to program structure and management. OIG insight is helpful in identifying risks inherent to programs where there simply is no risk-free approach and in managing those risks accordingly. The recommendations received from OIG to date have provided useful and collaborative improvements in SBInet program management and contract execution. Attention to enhancing organizational capacity, increasing requirement definition tailored to specific task orders as the program matures, and diligent oversight of cost, schedule, and performance are essential elements of program management embraced by DHS and CBP.

In conjunction with these OIG recommendations, CBP is pursuing the following areas of improvements to strengthen government program management and contractor oversight:

- Defining Program Management Structure;
- Providing Appropriate Staffing and Human Capital;
- Enhancing Definition of Operational Requirements; and

- Measuring Contractor Performance.

Defining Program Management Structure: The SBInet Program is finalizing a Program Management Plan (PMP) to apply a plan of action with performance milestones so as to develop the capacity to manage SBI*net,* administer its contracts and agreements, and ensure effective oversight and implementation. The PMP will serve as the overall plan for managing the SBInet Program. Included within the PMP are delineations of Program Organization and Responsibilities, explanation of the CBP's Program and Technical Management Approach, and Key Program Management Processes.

To solidify its capacity to manage the SBInet Program and administer its contracts and agreements, CBP is employing best practices in project management. The organizational structure set up by CBP allows for the concentration of subject-matter expertise into appropriate directorates, creating a ready resource pool to staff Integrated Project Teams (IPTs) to execute projects under the SBI*net* Program.

IPTs are cross-functional teams under the leadership of an accountable government manager. IPTs use the tenets of integrated process and product development to get the right people and skills involved in managing a project. Each IPT in the SBI*net* Program will be formed with appropriate representatives to ensure a common understanding of the activities involved and to secure input from all relevant entities.

As CBP carries out SBI*net,* other organizations within DHS will carry out additional elements of the SBI. There are specific program areas within SBI that are the responsibility of CBP, Immigration and Customs Enforcement (ICE), and Citizenship and Immigration Services (CIS). DHS has established a Secure Border Initiative Coordination Council to work with the PMOs to ensure consistency and alignment of program elements and to provide adequate Departmental oversight.

SBI*net* is developing an SBI*net* Program Plan that describes and documents the work breakdown structure, Integrated Master Schedule, and the program budget. SBI*net* will establish an SBInet Process Library that will contain management processes associated with program and project management. Examples include task order initiation processes, deliverable review processes, design review processes, and IPT Charters. An Office Management Plan will be developed to contain the administrative processes and procedures associated with managing a large office, such as new employee orientation, supply ordering, etc.

Providing Appropriate Staffing and Human Capital: CBP commissioned an independent third-party study through the Homeland Security Institute (HSI) to assess the SBInet Program's staffing and human capital needs. Leveraging the results of the HSI staffing study, the PMO has developed a FY 2007 staffing plan. This staffing plan includes an additional 169 staff positions (96 government and 85 contractors), bringing the total PMO staff to 270.

The CBP Commissioner has established an Executive Steering Committee (ESC) that meets as needed to discuss program progress against SBInet goals and objectives. The PMO will provide periodic updates to both CBP and DHS leadership.

Enhancing Definition of Operational Requirements: To continue definition of the top-level requirements provided during the contract solicitation, the PMO developed a Mission Needs Statement that was approved on October 1, 2006. The Mission Needs Statement identifies capability gaps and certain needs of the SBI*net* Program.

The SBI*net* Program completed a comprehensive requirements workshop with CBP operational stakeholders on October 13, 2006. The resulting Operational Requirements Document (ORD) will be finalized and approved by January 19, 2007. This document will be used to derive contract requirements and establish the appropriate performance metrics for each future task order.

In addition to the ORD, a System Engineering Management Plan (SEMP) will be developed to outline the technical management and processes. Testing will include an Independent Validation and Verification (IV&V) contractor who will test software and systems development. Test and Evaluation will also include Operational Test and Evaluation (OT&E), using an independent government organization to evaluate performance, effectiveness, and operational suitability of the installed solution.

Measuring Contractor Performance: The plan of action and milestones (POA&M) currently in development will include measurable and meaningful performance metrics and controls. Additionally, the SBI*net* Program will use Earned Value Management (EVM) as a technique to integrate cost, schedule, and technical accomplishments for SBI*net* task orders where appropriate. EVM is a common method for measuring performance, reporting and analyzing project status, and comparing actual costs and accomplishments to a baseline. EVM serves as an early warning indicator for effective management decisions and corrective actions. It sup-

ports effective "what-if," tradeoff and trend analyses; helps to highlight potential risks; and provides more accurate forecasts of cost and schedule performance. Using EVM on the SBInet Program satisfies the acquisition requirements of OMB Circular A–11, Part 3, and the Government Performance and Results Act of 1993 GPRA.

Issues related to EVM will be addressed and resolved, as appropriate, with guidance and support from the CBP Commissioner and Chief Procurement Officer (CPO). A status of EVM issues will be provided to the CBP Commissioner and CPO on a monthly basis.

Boeing will provide regular implementation status reports and reviews on the SBI*net* task orders. Specific requirements for reports and reviews will be detailed in the individual task orders and may include cost performance reports; schedule and planning reports and reviews; technical performance reports and reviews; management reports and reviews; Integrated Baseline Reviews; and project cost estimates.

CBP is currently working with Boeing Corporation to prepare the POA&M. It will be reviewed as recommended by the CBP Commissioner and the CPO, and recommended actions will be instituted and tracked to completion. To ensure continued attention and adequate provision of resources, the PMO will provide periodic updates to both CBP and DHS CPO leadership.

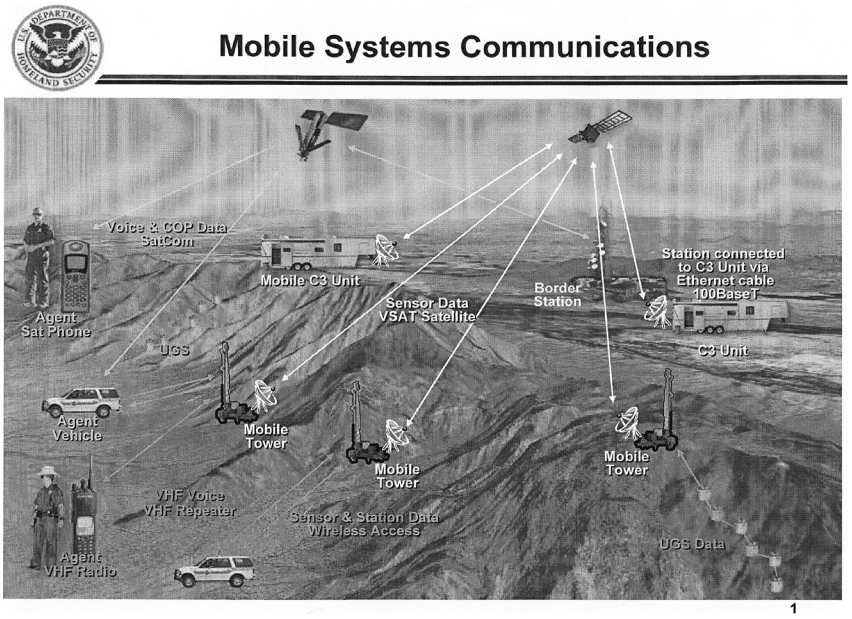
Monthly Program Management Reviews (PMRs), which include the status of risks, action items and issues, key milestones, budget, and deliverables, will be provided to the CBP Commissioner and CPO monthly. The PMRs will provide a forum to facilitate timely decision-making by presenting leadership with a thorough status of the SBI*net* Program while raising issues that need management attention.

The PMO will lead task order working-level meetings with Boeing on a regular basis to discuss and resolve project-level status and issues. These reviews will focus on assessing performance, facilitating the SBI*net* Integrator's work efforts, and addressing issues requiring resolution by either party.

SBI*net* project managers will be responsible for assessing and reporting project status and the likelihood of meeting the scope, cost, schedule, and technical performance objectives through weekly reports to the SBI*net* Program Manager, PMO Directors, and other project stakeholders on a weekly basis. Status reporting will begin as soon as a new project is initiated and will end upon project completion.

Without a dramatic shift in the way that we as a Nation protect our land borders, we leave ourselves and our citizens vulnerable. We recognize the challenges that lie ahead. By defending our borders with the latest technology and infrastructure and additional well-trained personnel, and by maintaining a vigilant interior enforcement of our Nation’s immigration laws, we will fulfill our mission of protecting our country and its citizens.

Agent Focused Solution
Sensors
Communications
Command and Control
Situational Awareness
Infrastructure
1


Mobile Systems Communications
Voice & COP Data SatCom
Mobile C3 Unit
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UGS
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Border Station
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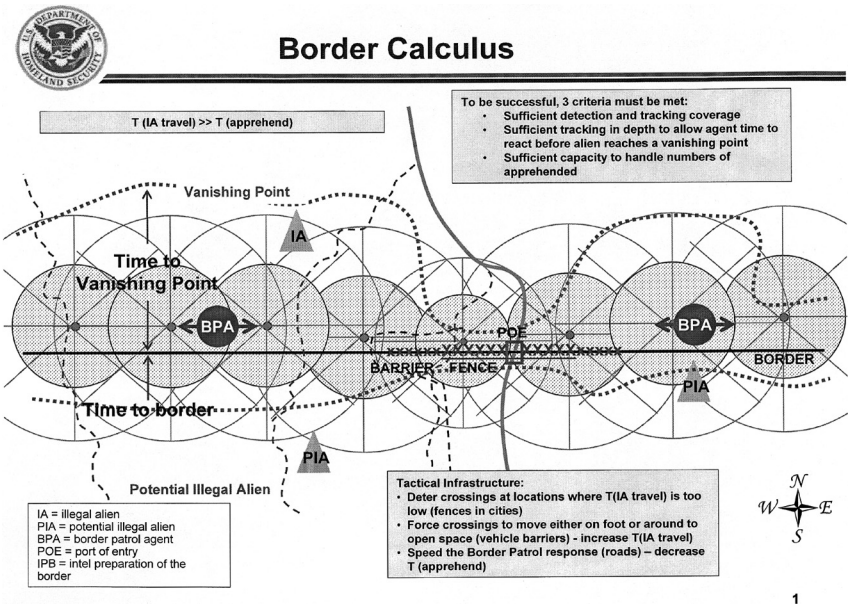

Mr. ROGERS. And the Chair now recognizes Ms. Deborah Spero, Deputy Commissioner for Customs and Border Protection for the U.S. Department of Homeland Security.

Welcome, Ms. Spero. We look forward to your comments.

STATEMENT OF DEBORAH J. SPERO, DEPUTY COMMISSIONER, CUSTOMS AND BORDER PROTECTION, DEPARTMENT OF HOMELAND SECURITY

Ms. SPERO. Thank you very much. And good afternoon to everyone, Chairman Rogers, Ranking Member Meek, members of the subcommittee. It is an honor to be before you today to discuss SBInet and its role in helping U.S. Customs and Border Protection ensure greater control of our borders.

Commissioner Basham asked that I convey to you his personal regrets that he was unable to attend today because he had previous travel commitments, but I am pleased to be here in his stead along with Inspector General Richard Skinner, Chief Procurement Officer Elaine Duke, and, of course, our SBI Executive Director, whom you have just heard from.

I want to begin by thanking you, Mr. Chairman, and the Ranking Member and the other members of the committee for the strong support that you have provided to CBP that is enabling us to carry out our priority mission of preventing terrorists and terrorist weapons from entering our Nation.

The men and women on the front line, our CBP officers, Border Patrol, and our pilots, our marine officers, are all charged with what is clearly one of the most important missions of any Federal Government agency today, and that is protecting our borders at and between the ports of entry while at the same time facilitating the flow of legitimate trade and travel. With your strong support,

and under the leadership of the President and Secretary Chertoff, CBP is taking definitive steps to gaining operational control at our border through the Secure Border Initiative.

SBInet is a major component of the Secure Border Initiative, establishing a framework for a comprehensive integrative solution that includes technology, tactical infrastructure and front-line personnel. The significant increases in Border Patrol personnel and related technology and infrastructure which Congress authorized and funded in fiscal years 2006 and 2007 are solid down payments in carrying out this initiative. And I believe CBP is making great progress on SBInet.

The SBInet integrator has been selected, and we are moving forward in designing and implementing an integrated view to border securement. We are also very pleased that Mr. Giddens has joined us at CBP to launch this initiative, and he is leading the strength of the infrastructure and our staff to carry out the SBInet program.

Commissioner Basham and I are both personally committed to bringing all parts of CBP together to ensure the success of SBInet and of the Secure Border Initiative overall. To that end, Commissioner Basham has established an executive steering committee that meets as needed to discuss program progress against the SBInet goals and objectives. The SBI program management office will provide periodic outputs to both CBP and to DHS leadership. This will help ensure that the key risks that need to be mitigated, such as staffing, are receiving top-level attention and commensurate resources.

Also, a status of cost and schedule performance will be provided to the Commissioner and to me on a monthly basis. We also recognize that our success is closely connected to the effectiveness of our sister agencies such as ICE and CIS, and we have been working with them under the SBI umbrella to ensure that our efforts complement each other.

While there will no doubt be challenges ahead, I am confident that we are moving in the right direction, and that, with the continued support of the Congress, CBP will succeed in meeting these challenges.

I will be happy to answer any questions you may have. Thank you very much.

Mr. ROGERS. Thank you, Commissioner Spero, for your statement.

The Chair now recognizes Ms. Elaine Duke, Chief Procurement Officer for the Department of Homeland Security, for your statement. Welcome.

STATEMENT OF ELAINE C. DUKE, CHIEF PROCUREMENT OFFICER, DEPARTMENT OF HOMELAND SECURITY

Ms. DUKE. Good afternoon, Chairman Rogers, Ranking Member Meek, Ranking Member Thompson, members of the committee. Thank you for inviting me here this afternoon to talk with you about the SBInet contract.

SBInet is an extremely high priority for the Department of Homeland Security, and it is one of our most complex and visible contracts. The Deputy Secretary asked that I convey to you the personal commitment that he and the Secretary have to make this

program successful along with the rest of the Department. We want to ensure that the program works and is successful.

In addition, I can commit to my own personal commitment. You have the commitment of the other chiefs, specifically the Chief Information Officer and the Chief Human Capital Officer, and they are equally engaged in making sure that this program gets the priority treatment it needs.

In fiscal year 2006, DHS obligated nearly $15 billion in prime contract dollars. Our preliminary small business accomplishments indicate that we awarded about 33 percent of those prime contracts to small business programs. The SBInet contract at Boeing is one of these contracts. Boeing has now undertaken the task of using this contract vehicle to help achieve the critical national priority of securing the Nation's borders.

My top priorities for the entire DHS procurement program, which I provided to you in my written testimony for your review, are very applicable to the SBInet contract and important for a successful execution.

As Greg already mentioned, SBInet acquisition was done during a full and open competition, and it is a definite delivery and definite contract, which means all work requirements will be negotiated and awarded on individual task orders. Each task order issued under the SBInet contract will be individually negotiated, and we will be deciding contract type-appropriate risk sharing between the government and Boeing and appropriate award incentive fee structures and measures to ensure performance. The SBInet contract, therefore, allows DHS to structure the acquisition in discrete workable phases implemented through task orders. This approach will provide the greatest amount of flexibility to respond to evolving requirements.

Further, it is important to note that the contract with Boeing is not an exclusive contract. DHS at its discretion may use other contract vehicles for goods and services required for the SBInet program. The government reserves the right to compete SBInet requirements through the use of other contract vehicles and methods. DHS will work with Boeing to ensure that the requirements under this contract are evaluated for sound make-or-buy decisions ensuring that we have adequate competitions throughout the life of the contract.

My initial focus in providing DHS oversight of the SBInet contract is to ensure that the right number of people with the right skills are in the program and contract offices at CBP. Additionally, I am working to make sure that processes are in place to control the effective issuance and administration of the task orders under this contract.

The CBP acquisition office envisions a full complement of contract and support staff and is taking appropriate steps to add staff dedicated solely to the SBInet program. The staffing plan includes 31 contacting personnel, and currently they are over half staffed towards that goal.

Both DHS and CBP are committed to acquisition management and oversight of the SBInet contract. My senior staff and I have been working very closely with CBP to ensure appropriate planning, execution and management of the contract. I will be actively

involved in reviewing the SBInet program and will participate in the departmental review activities, including the Investment Review Board. We are going to aggressively manage small business subcontracting. Boeing subcontract plan does show commitment to small business. All requirements relating to SBInet, whether acquired by this contract or other contract vehicles, will be carefully reviewed for small business potential.

The oversight and management work for this contract is supported by DHS-wide initiatives from my office. This includes the formation of a Program Management Council throughout DHS to build a program manager cadre throughout the Department. Additionally, we have built a Model Intern Program that we have a pilot in TSA and we will be implementing throughout the Department.

In closing, there are several key factors that will ensure the successful practice of the SBInet contract. These include negotiating task orders with sound requirements, measurable outcomes and good incentives; continuously measuring performance and adhering to program metrics; strong program management and contract administration; and sustained competition through disciplined make-or-buy designs. I am committed to working with CBP and this committee to make sure these key factors are addressed throughout the contract performance.

Thank you.

Mr. ROGERS. I thank you, Ms. Duke.

[The statement of Ms. Duke follows:]

PREPARED STATEMENT ELAINE C. DUKE

Chairman Rogers, Congressman Meek, and Members of the Committee, I am Elaine Duke, the Chief Procurement Officer for the Department of Homeland Security (DHS). I am pleased to be here today with Mr. Gregory Giddens of U.S. Customs and Border Protection (CBP), who is the Program Executive for the SBI*net* contract. Thank you for the opportunity to appear before you to discuss the SBInet contract.

The SBInet contract has been awarded, and now DHS, with its industry partner Boeing, has undertaken the task of using this contract vehicle to help achieve the critical national priority of securing the Nation’s borders.

My top priorities are worth reviewing because they are essential for the successful execution of the SBInet contract, as well as other DHS acquisitions. My top four priorities are:

- First, to build the DHS acquisition workforce to enhance the DHS acquisition program.
- Second, to establish an acquisition system whereby each requirement has a well-defined mission and a management team that includes professionals with the requisite skills to achieve mission results.
- Third, to ensure more effective buying across the eight contracting offices through the use of strategic sourcing and supplier management.
- Fourth, to strengthen contract administration to ensure that products and services purchased meet contract requirements and mission needs.

My initial focus in providing DHS oversight of the SBI*net* contract is to ensure that the right numbers of people with the right skills are in the program and contract offices of CBP. Additionally, I will ensure that processes are in place to control the effective issuance and administration of task orders under this contract.

SBI*net* Program

U.S. Customs and Border Protection (CBP) is the executive agent for DHS in the development of the SBI*net* solution. SBI*net* requires a comprehensive and aggressive strategy to deploy the optimum mix of personnel, technology, and infrastructure in a manner that will significantly reduce the probability of illegal entries and successful cross-border violations into the United States. SBInet supports the strategic plans and objectives of DHS and CBP.

As part of the comprehensive DHS solution for border security, CBP will use the SBI*net* contract to acquire, deploy, and sustain the technology and tactical infrastructure necessary to achieve control at and between ports of entry. The initial focus of SBInet will be where there are the most serious vulnerabilities to border security. It requires integrating a common operating picture (COP) of the border environment within a command and control center that will provide DHS components and stakeholders external to DHS an unprecedented level of interoperability. The SBI*net* solution will do the following:

- Develop a Common Operating Picture (COP) throughout CBP and DHS to integrate multiple state-of-the art systems, infrastructure, response capabilities, and personnel into a single comprehensive border security solution that communicates relevant situational awareness, including intelligence-driven operations capabilities at all operational levels and locations;
- Deploy the most effective combination of current- and next-generation technology, infrastructure, response capabilities, and personnel;
- Integrate technology, infrastructure, and processes to rapidly dispatch personnel;
- Cover all areas along the land border with Mexico and Canada, including the Great Lakes, but not including Alaska; and
- Cover all types of geographic areas, topology, land forms, population centers (urban, rural, remote), and environmental conditions.

This comprehensive solution carries out the goal of securing the border, which requires that four key elements be met:

- Detect an entry when it occurs;
- Identify what the entry is;
- Classify its level of threat (who they are, what they are doing, how many, etc); and
- Effectively and efficiently respond to the entry, bringing the situation to an appropriate law enforcement resolution.

Boeing will work with DHS to ensure that all aspects of the SBInet solution are compatible with other DHS and CBP initiatives.

SBI*net* Acquisition Overview

As part of the comprehensive DHS solution for border security, CBP will use the SBI*net* contract to acquire, deploy, and sustain the technology and tactical infrastructure necessary to achieve control at and between ports of entry (POE). The SBI*net* Program incorporates acquisition best practices and lessons learned from previous border technology procurements to provide the most cost and operationally effective solution for securing the border. CBP selected an indefinite delivery, indefinite quantity (IDIQ) contract vehicle because the vastly different terrain, threats, and evolving nature of the operational environment require a solution that is flexible, adaptable, and tailored to specific needs.

The SBI*net* acquisition was conducted using full and open competition and resulted in a performance-based IDIQ contract being awarded to Boeing in September 2006. Several businesses submitted proposals that provided solutions for securing the borders and detailed the partnering relationships they intended to utilize to meet the Government’s program objectives.

The contract has a base period of three years and three one-year option periods for a total of six years. The maximum that the Government may obligate under the contract covers the full panoply of supplies and services necessary to provide 6,000 miles of secure border. The Government has already met its minimum obligation under the contract (i.e., $2 million). It is expected that the supplies and services required for this effort are, for the most part, commercially available. Major components consist of sensors, communication technologies and equipment, command and control systems and subsystems, infrastructure and response capabilities, and the integration of all of the above.

Task and delivery orders will be negotiated and may range from cost reimbursement to firm fixed price with appropriate risk-sharing between the Government and the contractor and award/incentive fee structures. It is anticipated that DHS will accept more of the risk during the design and development phases, which are expected to be cost reimbursement tasks. After the development phase has been completed, the contract task and delivery orders may shift to other types of arrangements. The SBI*net* contract, therefore, allows DHS to structure the acquisition into discrete, workable phases, implemented through task and delivery orders. This approach will provide the greatest amount of flexibility to respond to evolving requirements.

Further, the contract with Boeing is not an exclusive contract. DHS may at its discretion use other contract vehicles for the goods and services required for the

SBI*net* Program. The Government reserves the right to compete SBI*net* requirements through the use of other contract vehicles or methods when it is in the best interest of the Government. This includes using other DHS contracts or Government-wide acquisition contracts, as appropriate. All such requirements will be carefully reviewed for small business set-aside potential. DHS will work with Boeing to ensure that requirements awarded under the contract are evaluated for make-or-buy decisions, i.e., subcontracting versus Boeing completing the work itself.

DHS Commitment to the Small Business Community through SBI*net*

During the solicitation phase of the SBI*net* acquisition, DHS emphasized its commitment to ensuring that any resulting contract would contain a substantial commitment to the small business community. The goals of the SBI*net* contract are related to the small business goals of DHS. The Boeing subcontract plan shows, in our view, the company's commitment to small businesses. Small business subcontracting and participation in the DHS Mentor-Protégé program were part of the evaluation criteria in the solicitation, contributing to a rigorous competition. Boeing submitted three Mentor-Protégés as part of its winning proposal. Our next major step is to ensure that procedures are in place to monitor Boeing's progress in the small business subcontracting arena.

In addition to the submission of required semi-annual electronic reports, DHS/CBP will enter into an agreement with the Defense Contract Management Agency (DCMA) to monitor Boeing's subcontracting. DCMA will perform on-site Small Business Program Compliance Reviews. The DHS Office of Small and Disadvantaged Business Utilization (OSDBU) will work closely with CBP to monitor Boeing’s progress. OSDBU and CBP will work with Boeing to establish a small business outreach program.

Acquisition Management and Oversight

Both DHS and CBP are committed to acquisition management and oversight of the SBI*net* contract. My senior staff and I have been working very closely with CBP to ensure appropriate planning, execution, and management of the contract. From solicitation through contract award and task order issuance, my senior staff and I have been involved throughout the acquisition.

My Acquisition Oversight Directorate will be actively involved in reviewing the SBI*net* Program. As a Level 1 Procurement, my office will participate in all Departmental program review activities, including the meetings of the Investment Review Board. Also, we will routinely review acquisition planning documents, solicitations, task order awards, and contract administration activities. The SBI*net* Program will also be checked quarterly as part of the CBP Operational Assessment review in accordance with the DHS Acquisition Oversight Program. There will be a comprehensive acquisition management review of SBI*net* in conjunction with the Tri-annual Component review. Additionally, my oversight office has been, and will continue to be, available to consult with the SBI*net* Program Manager and Contracting Officer as needed.

The CBP Acquisition Office and the Program Management Office work hand in hand and are developing a Contract Management Plan. There are weekly meetings scheduled with senior management staff within the Program Management Office to discuss all work planned and in progress. Integrated Project Teams were formed at the initiation of task orders, allowing the Acquisition team to work with the Program Management Office in the development phase. There are a number of processes and procedures being implemented to ensure compliance with all DHS and CBP directives. Also, a training schedule will be developed for the entire Program Management Office. A Governance workshop is planned this month for the senior staff of the Program Management Office and Boeing. This is the first of many such joint workshops that will include the Program Management Office, the Acquisition team, and Boeing.

Program Management Council

The Office of the Chief Procurement Officer (OCPO) has led the formation of a Program Management Council (PMC) as part of the Procurement Program Management Center of Excellence. The PMC is working to develop the policies, procedures, and other tool sets needed for DHS Program Managers to succeed. On a semi-annual basis I, as the CPO, and the current PMC Chairman, Gregory Giddens, will report to the Deputy Secretary on Department-wide progress in key areas of program management. They are:

- State of the DHS Program Manager (PM);
- PM effectiveness, successes, and recommendations;
- Certification status of PM’s;
- PM training and career development;

- PM policies and procedures; and
- Lessons learned.

DHS has implemented Earned Value Management (EVM) within high priority programs and a Program Management Periodic Reporting process to assess the performance of all major investments each quarter.

Staffing

The CBP Acquisition Office envisions a full complement of contract and support staff and is taking appropriate steps to add staff dedicated solely to the SBI*net* Program. The SBI*net* staffing plan includes 31 contracting personnel. The SBI*net* contract staff will be supported by other staff within the CBP Contracting Office. CBP currently has eight Government staff and eleven contractor staff dedicated to SBI*net*.

Balancing the appropriate number of DHS contracting officials with the growth of DHS contracting requirements has been a challenge. The gap between DHS acquisition spending and acquisition staffing levels has placed increased demands on procurement officials. The challenges stretch across the entire DHS acquisition organization and are not limited to one major acquisition program such as SBI*net*.

Within the Washington, D.C., area, competition for procurement personnel is intense. DHS has initiated staffing solutions to resolve personnel shortages. In particular, the Department is considering creating one centralized recruitment system for contracting personnel as well as enhance the DHS Acquisition Fellows Program which aims to recruit recent college graduates. Our office is also working with Human Resources to streamline the direct hire process. The FY 2007 Budget provided funding to hire additional acquisition personnel. Higher staffing levels will improve DHS' ability to monitor Department contracts and effectively identify and correct poor contractor performance. Other examples of our efforts to address contracting staff shortages are:

- Formulating a strategy to develop relationships with local universities that have accredited contracting curriculums to attract collegiate talent at the junior level instead of waiting until graduation;
- Devising a recruitment strategy to attract mid-level professionals that includes targeting military personnel who possess the prerequisite skills and who are separating or retiring from military service; and
- Considering participating in the Department of Veterans Affairs program for hiring injured veterans returning from Iraq and Afghanistan.
- In closing, there are several key factors that will ensure the successful performance of the SBI*net* contract. Some of those key factors include:
- Negotiating task orders with sound requirements, measurable outcomes, and good incentives;
- Continuously measuring performance and adherence to program metrics;
- Strong program management and contract administration; and
- Sustained competition through disciplined make-or-buy decision processes.

I am committed to working with CBP to ensure that these key factors are addressed throughout contract performance.

Mr. ROGERS. The Chair now recognizes the Honorable Richard Skinner, the Inspector General of the Department of Homeland Security.

STATEMENT OF THE HONORABLE RICHARD L. SKINNER, INSPECTOR GENERAL, DEPARTMENT OF HOMELAND SECURITY

Mr. SKINNER. Thank you, Chairman Rogers. I appreciate the opportunity to be here today. I submitted a statement for the record.

What I would like to do with the time allotted to me is just to discuss briefly what our office is doing to provide oversight in the procurement operation of the Department and also to discuss some of the challenges and tasks that lay ahead for the Department as it tries to execute its SBInet initiative.

First, concerning our procurement oversight role, the inherent nature of the Department's mission will always require reliance on contractors. In fact, more than 40 percent of the Department's annual budget is spent on procurements. For this reason, acquisition

management has been and will continue to be a priority for my office and an area where we plan to focus considerable resources.

During the past year, we have created a Procurement Oversight Office. We have hired a director and are now in the process of hiring staff. The office will be responsible for examining cross-cutting issues. It is currently developing an inventory of major acquisitions with an eye towards identifying those most vulnerable to fraud, waste, and abuse. That is sole-source contracts, limited competition contracts, and time and material contracts.

We also plan to review the training and qualifications of the Department's acquisition workforce across the board. We have just recently have created what I would like to refer to as the acquisition focus teams. That is teams that specialize in a particular subject matter. Today we have teams that provide continuing and ongoing oversight. This includes Deepwater programs, CBPs, SBInet program, and, of course, FEMA's disaster operation program.

We also have become an active member on the Department of Justice Katrina Fraud Task Force, most of which right now is focused on procurement activity, and we have just recently joined the Department of Justice's newly established Procurement Fraud Task Force and will be active members on that team as well. It will consist both with investigators and auditors as we work our way through the procurements within the department. We will work with them to identify fraud, waste, and abuse and, where necessary, get prosecution if we do, in fact, find fraud.

Details of our procurement activities can be found in our performance plan which we just recently published, and it is also up on the Web site.

Now concerning the tasks and challenges that we believe lay ahead within the Department's SBInet initiative, the approach to SBInet recognizes the need for a comprehensive systemic solution to the complex challenges of border security. It will not be easy. The Department's performance-based acquisition strategy to address those challenges is, in our opinion, a good one.

Partnering with the private sector will add a fresh perspective, insight, creative energy and innovation to the Department's efforts to meet its mandate to securing our borders. It shifts the focus from traditional acquisition models, that is strict compliance, contract compliance, into one of collaborative performance-oriented teamwork with a focus on performance, improvements and innovation.

Nevertheless, using this type of approach does not come without risk. To ensure that this partnership is successful, the Department must lay the foundation to oversee and assess contractor performance and control costs and schedules. In our opinion, the Department has not yet laid that foundation, at least not fully.

Specifically, the Department acquisition management capacity lacks the appropriate workforce, business processes, and management controls for executing a new start for a major acquisition program such as SBInet. Key positions are still being identified and filled. CBP is still trying to come from behind and create the organization needed to manage the program. That is why we believe the Department needs to proceed with caution as it moves forward with the implementation of the SBI initiative or SBInet initiative.

Expediency and urgency should not drive the acquisition. Instead, the Department needs to ensure that it has the capacity to manage such an initiative. Then and only then can it provide assurances that it is being a good steward of the taxpayers' dollar.

Also, the Department deferred fully defining operational requirements to after the award of the systems integration contract, that is the Boeing contract. In selecting the system's integrator, the Department used a broad statement of objectives as part of its acquisition strategy in order to allow the industry to be creative in its solutions, and consequently deferring setting contract requirements, including performance metrics, until delivery of the task orders are actually negotiated. Right now I believe we have awarded two tasks under the existing contract.

This is fine, in our opinion, at least for the moment. However, until the Department fully defines, validates, and stabilizes the operational requirements underlying the SBInet program, the program's objectives are at risk, and effective cost and schedule control are precluded.

Now that the contract has been awarded, the Department needs to move quickly to ensure performance and management systems and processes are in place and functioning. As reflected in our advisory—our Advisory Report on the SBI Initiative and Procurement, which we just published today and will go up on our Web page tonight, and CBI's Corrective Action Plan, the tasks and challenges that lay ahead include building the management and oversight capacity that will allow the Department to oversee the execution of the program; refining operational requirements with Boeing's proposed solution; establishing an acquisition program baseline of costs, schedule and technical performance parameters, a performance baseline upon which the program cost estimates and budgets and cost metrics could be based; and implementing an earned value management system to ensure that Department's understanding of the program status, the contractor's performance and the reliability of program budgets and cost estimates.

Performance management systems will ensure transparency. That is a clear roadmap on how the contractor plans to meet the Department's Border Security Initiative or objective.

Visibility. That is a clear, open line of communications with all of the stakeholders on the progress of the initiative.

Accountability. That is the means to determine on a real-time basis what is working and what is not working.

And finally oversight. This includes just not the program management office, but oversight by the OIG and by the Congress.

Mr. Chairman, members of the committee, that concludes my oral statement. I will be pleased to answer any questions you may have.

Mr. ROGERS. Thank you, Mr. Skinner.

[The statement of Mr. Skinner follows:]

PREPARED STATEMENT OF RICHARD L. SKINNER

Good afternoon, Mr. Chairman and Members of the Subcommittee. I am Richard L. Skinner, Inspector General for the Department of Homeland Security (DHS). Thank you for the opportunity to discuss our risk management review of the SBInet program initiative.

Today I will discuss performance-based acquisitions, DHS' acquisition management capacity, and the specific risk we see related to the Secure Border Initiative.

To accomplish its mission of securing the homeland, DHS spends billions of taxpayer dollars annually. Of that total, about 30% of the DHS budget goes to the private sector to procure goods and services. Implicit in each procurement is the desire to accomplish a mission need as reliably and as cost-effectively as possible. One procurement method DHS uses is performance-based contracting. While this method has certain advantages over traditional, specifications-based contracting, it also introduces risks that, unless properly managed, threaten achievement of cost, schedule, performance, and, ultimately, mission objectives.

Key Concepts and Potential Benefits of Performance-Based Contracting

Over the past 25 years, the federal government has attempted to use performance-based contracting. Its basic principals and potential benefits are readily understandable. Nevertheless, successful use of this approach demands additional thought, planning, and oversight measures that may be less necessary in traditional contracting approaches.

A performance-based contract describes needs in terms of what is to be achieved, not how it is to be done. One appeal of performance-based contracting is that it allows the government to focus on identifying needs, objectives, and constraints and allows the private sector to focus on developing a business proposal to meet those needs and objectives. The contracting approach shifts from looking for the low cost, technically acceptable solution to looking for the best-value solution, which is often more innovative than the traditional approach. To determine best value, the government must measure performance trade offs and the cost-effectiveness of the various proposed solutions.

Oversight in specifications-based contracting is a matter of determining whether or not the contractor complies with the explicit terms of the contract. In performance-based contracting, oversight is a matter of determining whether the contractor's solution, when complete, will meet the mission needs specified in the contract. Oversight focuses on program performance and improvement from a defined baseline, not contract compliance.

A trivial example highlights the simplicity of these concepts, but also the need for a precise statement of the performance objectives. A traditional, specifications-based contract for lawn maintenance might require weekly watering and mowing, quarterly fertilizing, and annual aeration. A performance-based lawn maintenance contract might specify that the lawn should never be more than 3 inches high, have no more than 5% weeds, and never turn brown. The traditional contract tells the contractor how to do its job; the performance-based contract tells the contractor what the owner wants to see when looking at his lawn. With the traditional contract, the owner may or may not get the desired lawn, but the owner would know exactly what he paid for.

If the performance-based contract specified its objective as a "golf course quality lawn," the performance-based approach would be riskier than the traditional one. When the owner does not have a well-defined, measurable performance objective, the owner cannot predict how much it will cost, how long it will take, and what the end result will be. The contractor may have a different understanding of how much it will cost and how long it will take to achieve the golf course quality.

Therein lies the critical importance of describing mission needs, and the yardsticks by which to measure achievement, completely and precisely. Without clear agreement between the government and the contractor about what the procurement is to achieve, the government is vulnerable to cost overruns, delays, and, in the end, not receiving a good or service that meets its needs.

Mitigation of Risks

Performance-based contracting may have additional risks, but with forethought and vigorous oversight, the risks can be managed. "Risk management is the art and science of planning, assessing, and handling future events to ensure favorable outcomes. The alternative to risk management is crisis management, a resource-intensive process" with generally more limited options.[1]

While no one has yet formulated the perfect risk management solution, risks can be controlled, avoided, assumed, and transferred. For example, programs can develop alternative designs that use lower risk approaches, competing systems that meet the same performance requirements, or extensive testing and prototyping that demonstrates performance. Risk mitigation measures usually are specific to each

[1] *Risk Management Guide for DOD Acquisition,* Department of Defense, Defense Acquisition University, Fifth Edition (Version 2.0), June 2003.

procurement. The nature of the goods and services procured, the delivery schedule, and dollars involved determine what mitigation is appropriate.

Acquisition Management is a Major Challenge for DHS

Building an effective acquisition management infrastructure for the significant level of contracting activities in the department is a major challenge. DHS must have an acquisition management infrastructure in place that allows it to oversee effectively the complex and large dollar procurements critically important to achieving its mission. Acquisition management is not just awarding a contract, but an entire process that begins with identifying a mission need and developing a strategy to fulfill that need through a thoughtful and balanced approach that considers cost, schedule, and performance.

The urgency and complexity of the department's mission will continue to demand rapid pursuit of major investments. We have conducted audits and reviews of a number of individual DHS contracts. Common themes and risks emerged from these audits, primarily the dominant influence of expediency, poorly defined requirements, and inadequate oversight.

Little disagreement exists about the need for our nation to protect itself immediately against the range of threats, both natural and manmade, that we face. At the same time, the urgency and complexity of the department's mission create an environment in which many programs have acquisitions with a high risk of cost overruns, mismanagement, or failure.

The department's need for increased institutional capacity to manage such risks is a common theme in the audits we have conducted. The department does not have a cadre of skilled program and acquisition management personnel, as well as robust business processes and information systems, to meet its urgent schedule demands and complex program objectives in a timely and effective manner.

Programs developed at top speed sometimes overlook key issues during program planning and development of mission requirements. Also, an over-emphasis on expedient contract awards may hinder competition, which frequently results in increased costs. Finally, expediting program schedules and contract awards necessarily limits time available for adequate procurement planning and development of technical requirements, acceptance criteria, and performance measures. This can lead to higher costs, schedule delays, and systems that do not meet mission objectives.

In our FY 2005 assessment of procurement operations for Secretary Chertoff, we recommended that DHS: (1) require expanded procurement ethics training for senior program and procurement officials; (2) monitor departmental procurement activities for potential standards of conduct violations; (3) create and staff a DHS organization to develop program management policies and procedures; provide independent technical support and share best practices; (4) optimize procurement organization resources across DHS; and, (5) provide the Chief Procurement Officer with sufficient staff and resources to effectively oversee DHS procurement operations.[2] DHS concurred with each of these recommendations. To a great extent, the Chief Procurement Officer's agenda reflects the issues in our report.

A Systems Approach To Border Security

The challenges the department faces are complex and require comprehensive solutions. Implementing effective solutions to homeland security vulnerabilities requires a systems approach that collectively reduces risks, not just shifts them. Reducing America's vulnerability to terrorism by controlling the borders of the United States is one of DHS' primary missions. Accomplishing this mission requires a comprehensive solution and concerted effort across the department and its federal, state, and local partners. This mission is shared by a number of agencies within DHS and is dependent on the coordinated accomplishment of each agency's roles, as well as joint efforts with other agencies.

The department recognizes the need for a coordinated systems approach to securing the border. During FY 2006, the White House and DHS announced a comprehensive multi-year plan to secure the borders and reduce illegal immigration—*The Secure Border Initiative (SBI).* DHS created a program executive office within the policy directorate to plan, coordinate, and oversee implementation of SBI across DHS.

Maintaining a coordinated systems approach to addressing the challenge of securing our borders will be a major challenge as DHS components implement the various plans comprising SBI. The major planned efforts under SBI are led by the three lead components for immigration and border security.

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[2] DHS OIG, *Department of Homeland Security's Procurement and Program Management Operations,* OIG–05–53, September 2005.

• Immigration and Customs Enforcement leads efforts to improve the apprehension, detention, and removal of illegal aliens, and to expand worksite enforcement. Improvements in alien detention and removal efforts require coordinated efforts across DHS and collaboration with the Department of Justice and other agencies sharing responsibility for this function.

• Citizenship and Immigration Services leads initiatives for a temporary guest worker program; streamlining immigration benefits processes; and expanding the employment verification program. CIS efforts focus on automating and improving processes to: (1) increase efficiency and alleviate chronic backlogs in benefit application processing and adjudications; and (2) handle anticipated increases in applicants under proposed expanded guest worker initiatives.

• Customs and Border Protection leads the SBInet major investment program to gain control of the borders using a mix of technology, infrastructure, personnel, and processes. While SBInet is a new program, it replaces two previous efforts to gain control of the borders—the Integrated Surveillance Intelligence System (ISIS) and the America's Shield Initiative (ASI)—with a more comprehensive solution.

Other DHS components share border security responsibilities and are necessarily part of a comprehensive solution to border and immigration control. For example, the US-VISIT Program is responsible for developing and fielding DHS' entry-exit system. It also coordinates the integration of two fingerprint systems: DHS' Automated Biometric Identification System and the Federal Bureau of Investigation's Integrated Automated Fingerprint Identification System. Border security also depends on information about terrorists kept on various watch lists, which are managed by several federal agencies. Those agencies and DHS need to coordinate access to the lists to ensure valuable information flows to field personnel on the line.

Observations about the SBInet Major Acquisition

The SBI*net* program is intended to gain operational control of the nation's borders through improved use of technology, infrastructure, and personnel. While SBI*net* is a new major acquisition program, it replaces two previous efforts to gain control of the borders: the Integrated Surveillance Intelligence System (ISIS) and the America's Shield Initiative (ASI). The department's performance-based acquisition strategy was to solicit solutions from industry and select a systems integrator to develop solutions to manage, control, and secure the borders using a mix of proven, current and future technology, infrastructure, personnel, response capability, and processes.

The department awarded the SBInet contract to the Boeing Company in September 2006. The department awarded an indefinite delivery, indefinite quantity contract, leaving the work tasks and deliverables largely undefined until the government negotiates a specific delivery task order. The contract base period is three years with three 1†year options. The initially awarded task is for Boeing to provide and integrate equipment to achieve operational control of a segment of the border near Tucson, Arizona, by June 07.

While the department has recently taken steps to establish adequate oversight of this contract, we see risks similar to those occurring in other DHS acquisitions where contract management and oversight has failed. Prior to award of the SBInet contract, the department had not laid the foundation to oversee and assess contractor performance and control costs and schedule of this major investment.

Management and Oversight Capacity. The department's acquisition management capacity lacked the appropriate work force, business processes, and management controls for planning and executing a new start major acquisition program such as SBInet. Without a pre-existing professional acquisition workforce, CBP had to create staffing plans, locate workspace, and establish business processes, while simultaneously initiating one of the largest acquisition programs in the department. At the time of the contract award, the organizational structure was in flux and key positions were still being identified and filled.

Only recently has the department performed the work breakdown analysis needed to define and stabilize the SBInet organizational structure and restructure the organization to reflect this analysis. The emerging organization proposed 252 positions; however, it is unclear whether that organization will be up to the challenges ahead. Staffing the SBInet program office has been and continues to be a critical problem for the department. We identified other specific management oversight risks at the time the award:

• Whether organizational roles and functions will be assigned appropriately for employees and contractors? While contractors are appropriate for support serv-

ices, only federal employees should perform inherently governmental functions.[3] The emerging organizational structure identified 65% of the 252 positions as contractors. This appears excessive for the management control environment that will be needed for such a large, complex acquisition.

• Whether the staff will have the appropriate qualifications and necessary training in acquisition management, as well as the right skill mix? A question remains whether the emerging organizational structure will adequately provide for the use of integrated product teams, as required by OMB capital budgeting regulations.[4]

How workforce turnover and fluctuations will be managed? As a stopgap measure, CBP is detailing agents and other staff on temporary assignment to identify and perform tasks they are not experienced or trained for. The program office has no clear plan for replacing the detailees and transferring their institutional knowledge. Without turnover procedures and documentation of decisions and deliberations, new personnel will be at a disadvantage in managing implementation.

Additionally, the investment review processes required by department directive[5] were bypassed and key decisions about the scope of the program and the acquisition strategy were made without the prescribed review and analysis or transparency. The department has since announced plans to complete these reviews. The department's Investment Review Board and Joint Requirements Council provide for deliberative processes to obtain the counsel of functional stakeholders. To ensure the program is on the right track, and to bolster support for revising its FY 2008 budget estimates, CBP intends to present program plans and the appropriate program documentation for Joint Requirements Council review within 60 days of award and the Investment Review Board within 90 days.

Operational Requirements. Until the department fully defines, validates, and stabilizes the operational requirements underlying the SBInet program, the program's objectives are at risk and effective cost and schedule control are precluded.

The department deferred fully defining operational requirements until after award of the systems integration contract. In selecting the systems integrator, the department used a broad statement of objectives as part of its acquisition strategy in order to allow industry to be creative in its solutions and, consequently, deferred setting contract requirements, including performance metrics, until delivery task order negotiations.

While the SBInet broad statement of objectives is an appropriate algorithm[6] for encouraging the systems engineering desired, success in accomplishing this macro algorithm cannot be practically measured. By not setting measurable performance goals and thresholds, the government was at increased risk that offerors would rely on unproven technologies and high-risk technical solutions that would delay implementation or be unaffordable.

To mitigate this risk, the solicitation asked for solutions that used commercial-off-the-shelf and government-off-the-shelf solutions, even as the department publicly encouraged use of high-risk, developmental items, such as unmanned aerial vehicles. Also, the department required submission of quality assurance plans as part of the proposals to mitigate this risk. However, it remains to be seen whether the contractor's quality assurance plan will satisfy the department's needs or whether the department's criteria for gauging program success is sufficient to evaluate the contractor's performance. To control this risk, the department needs to refine, validate, and set stable operational requirements for SBInet, enabling the program office to define and set contract requirements in task order negotiations, including the performance metrics needed to ensure accomplishment of the program's objectives.

The department also needs to define and document the underlying operational requirements, i.e., translating mission needs, describing shortcomings with the status quo systems and tactics, setting thresholds and objectives for key performance pa-

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[3] OMB Policy Letter 92–1 and Circular A–76 describe inherently governmental functions as those so intimately related to the public interest as to mandate performance by government employees.

[4] OMB Circular A–11 requires use of Integrated Product Teams (IPTs). IPTs bring a variety of functional disciplines to the task, ensuring full consideration of perspectives in making program decisions, so that the potential impacts are identified and trade-offs understood. At issue for SBInet is whether the appropriate mix of technical and business disciplines, such as engineers, logisticians, contracting officers, and cost analysts will be available to staff the IPTs.

[5] DHS Management Directive 1400

[6] The macro algorithm is to "detect entries, identify and classify, respond, resolve." The SBInet system is to detect entries when they occur; identify what the entry is; classify its level of threat (who are they, what are they doing, how many, etc.); effectively and efficiently respond to the entry; and bring the situation to the appropriate law enforcement resolution (apprehension, interdiction, transport to interdiction processing point, etc.).

rameters including affordability, and prioritizing among competing needs and conflicting goals. Without operational requirements, the department will not have a common understanding of what it is to accomplish, and program managers will not have the guidelines needed to balance competing objectives in cost, schedule, and performance objectives through the life of the program. Furthermore, until operational requirements are fully defined and validated, providing firm support and validated assumptions for the program's cost estimates, the credibility of budget estimates is undermined.

The department took steps during the competition for the systems integration contract to compensate for the lack of fully defined, validated, stabilized, and documented requirements. While the participating DHS and CBP officials had a strong sense of the underlying operational requirements they expected the SBInet program to fulfill, such an understanding was not reduced to writing and conveyed to others. However, the department provided industry with a library of documents and videos that describe mission goals, current operations, and desired improvements over current operations. Also, the department conducted an extensive "due diligence" process and held oral presentations and question and answer sessions with the competitors to exchange information. Additionally, the department developed a structure to frame analysis of the offerors' approaches. The department then modified the solicitation, requiring offers to be mapped to this structure; thereby clarifying proposed approaches, assumptions, and costs and facilitating comparisons. Eventually, this work break down analysis should facilitate comparison of the winning industry approach to the validated operational requirements.

However, until the operational requirements are validated and stabilized, the SBInet program will be vulnerable to changing direction. Changing the program's direction will likely require contract changes and equitable adjustments, rework of the contractor's planning, management, and systems engineering efforts, and add cost and delay.

With firm requirements, the program office can and should move quickly to implement a performance management processes. A deferred, but critical, first step in establishing control of cost, schedule, and performance is the setting of an "acquisition program baseline." This baseline of performance and schedule requirements and total cost estimates is needed to monitor the health of the program. The absence of an acquisition program baseline is a significant risk to the success of the SBInet program. The department deferred setting a baseline until after contract award because of the uncertainties related to industry solutions. Without an acquisition program baseline, however, it is impossible to gauge the effectiveness of the program. An acquisition program baseline is a necessary first step in implementing an "earned value management." The department plans to rectify this omission through the Investment Review Board and Joint Requirements Council review and approval process.

"Earned value management" is a comprehensive management information and analysis system, fed by cost accounting data arrayed against work break down structures and program schedules. It is essential to the department's understanding of the program status, the contractor's performance, and reliability of program budgets and cost estimates. The program manager must know at all times how the actual cost of the work performed compares to the budgeted cost of the work scheduled. Automated analyses of this data across the many tasks and activities being undertaken by all personnel working on the program should focus management attention where needed and trigger early corrective action. "Earned value management" is not only a best practice; it is an OMB capital budgeting requirement.

The department included provisions for "earned value management" in the solicitation and the program office is developing plans to start and implement the process. However, to date the system is not in place and, until it is put in place, the department does not have a sound basis for its program cost estimates. Early, effective "earned value management" implementation will be key to understanding the impact that changes will have on the program, including trade-offs needed to balance progress across the many components of the program.

In conclusion, the department's mission will continue to require rapid deployment of new equipment, technology, and processes. These efforts will frequently entail procurements with ambitious cost, schedule, and performance goals. For this reason acquisition management will continue to be a priority for my office and an area where we plan to focus considerable resources. We will examine crosscutting acquisition issues, in addition to individual programs, such as SBInet and Deepwater. For example, during the upcoming fiscal year we intend review DHS use of sole source contracts and the training and qualifications of its acquisition workforce.

Mr. Chairman, this concludes my prepared remarks. I would be happy to answer any questions that you or the Subcommittee Members may have.

Mr. ROGERS. I would like to start off with questions. I had a different path that I was going to immediately pursue, but you raised a lot of concerns in your statement. What I would like to do is start with Greg and ask you to address some of those concerns that were just outlined by Mr. Skinner, particularly about the readiness to take on this SBInet contract any time in the immediate future and how can you calm fears that he just raised.

Mr. GIDDENS. Yes, sir. The issues that the IG just raised are ones that we are completely in agreement with, and I will try to run them down in order.

The first one, I believe, was staffing, and we are, based on our 2007 appropriation, behind on our staffing. We were right on track to be staffed to what was in the President's budget for 2007, and that was what we were planning. The 2007 appropriation was a significant increase over the President's budget, and as soon as that was passed, then we went back and did a different organizational structure and staffing plan. So if we were here with what was in the President's budget or something relatively close to that, we would be right on target for staffing. But with that significant increase in 2007, we are behind, but we also are measuring our execution of the contract based on our ability to measure it.

Mr. ROGERS. I am sorry. Give us a time line, then, if you could. How do you envision your capability evolving as you begin to start up this process? When do you think you will be able to start moving the ball down the field with the staffing?

Mr. GIDDENS. We are actually—right now we have over 100 people on board right now.

Mr. ROGERS. Where is your time line for the whole program? When do you expect to have SBInet implemented and completed?

Mr. GIDDENS. Fully staffed?

Mr. ROGERS. I am talking about this new contract. SBInet, when do you have—you have to have some horizon out there when you say we are going to have completed this project, by 2009, 2010. When?

Mr. GIDDENS. We have not got to the point to lay out the end state in terms of timing. We are working that issue within the administration, looking at the budget implications of that, because currently one of the drivers of that would be the appropriated funds that we would have to account against this program.

Mr. ROGERS. Let me ask this: When do you expect to have the full staffing you will need to implement the program that you have described and allay the fears raised by Mr. Skinner?

Mr. GIDDENS. On the staffing, we will have that done by summer.

Mr. ROGERS. By this summer.

Mr. GIDDENS. But we will do that in progress; as we build staffing, we will build execution task orders.

Mr. ROGERS. I raise that because the time line has not only been a concern, but we have been concerned all along about the cost of this program. It has been our feeling that we haven't been able to get any kind of a handle first on what SBInet was going to be, when it was going to be bid, how it was going to be comprised, and definitely no ballpark in the cost area. There were some news reports early about the time SBInet was bid, that we were looking

at maybe two to $5 billion. But now we learn from this, the IG's report, that they are talking between two and eight and $30 billion for this program.

First of all, what is your cost estimate on SBInet?

Mr. GIDDENS. We do not have a cost estimate published. That is one of the issues that we are working through, and there are two reports that are due in December to the Congress. And one of the concerns that we have is—we lay that out—is the dynamics of the environment.

For example, one of the sectors that was a focus of the source selection was the Tucson sector. We gain control there, the dynamics of the smugglers are going to change, and we believe there are currently areas now that don't have much traffic that, as we gain control in those areas, they are going to be more prominent.

Mr. ROGERS. At what point do you think you are going to be able to talk about cost estimates with us? And keep in mind how we framed the beginning of this hearing and how we framed them all. We are not going to forget ISIS. What turned—what went from a $2 million pilot project went to a quarter-billion-dollar disaster of a management project. We want to know that you are looking at real dollars, real estimates, and we want to know that you are looking at gaining the fiscal feasibility of this initiative. These are two big ballparks. Early estimates of two—to five—; now we are talking about eight—to 30 billion. What ballpark are we in?

Mr. GIDDENS. Sir, I wish I could answer that with better clarity. I think you will see in the December report how we would apply that billion dollars and what the results and the performance of that would be, and that would give, I think, a good indication of what the future would portend, because in that report with detail we would be laying out that billion dollars, what it would be spent for, and what you should expect to see in terms of performance, and when you should expect to see that. So I think that—I think that will be the next cut that will give you a better sense of granularity on the dollars and what you would expect to see in terms of performance.

Mr. ROGERS. I think you are going to see us get to a lot higher comfort level once we start seeing a roadmap of where we are going in terms of how it is going to look with more clarity, but also some cost estimates on what you anticipate, because right now this is still too cloudy for comfort.

And with that, my time has expired, and I recognize the Ranking Member, Mr. Meek, for any questions he may have.

Mr. MEEK. Thank you, Mr. Chairman. And in the spirit of your questions, these are the burning questions; that is the reason why we continue to have these hearings.

Ms. Spero, I don't know if you have anything to add. You heard the line of questioning. Do you have any time lines or when we are going to make progress?

Ms. SPERO. I don't have anything specific to add other than we are working very closely with Greg and his office to develop the kind of information we know you want and that we want also. I think you will see a lot more clarity in our report to Congress that will be submitted in early December that will give you and all of

us a better sense of this—of how we intend to map out the future with securing the borders.

Mr. MEEK. I notice—and I was reading here your opening statement. I know that you abbreviated it, but in the back here on page 5, you talked about in conjunction with the OIG recommendations, CBP is pursuing improvements in the following areas to strengthen the government program management and contractor oversight: defining program management and structure, providing appropriate staffing and human capital, enhancing definition of operational requirements, and measuring contractor performance.

You feel good about all of that today in those areas.

Mr. GIDDENS. Yes, sir.

Mr. MEEK. Okay. I just want to make sure, because I am asking the obvious, that you should be able to say yes or no, because if that is not happening, if it is something that you need—because I know that many times in the Department we have had—and we have been through this with Ms. Duke and Mr. Skinner, and Mr. Skinner knows that I am one of the main people, if you don't have it, we want to know, because it is cheaper for us to know versus us hearing about it after the money is spent and no performance. So if you feel comfortable with it, and that is what you want to stick with, but if you change your mind any time, feel free to let us know because I think it is important for us.

We have all of these hearings and all of this oversight and all this committee time and all of our staff time preparing, and to come to the Hill and we still have big fumbles, that is going to be a problem.

Mr. Skinner, I wanted to ask you a question, sir, because I know that you—you have been really working on this. How—I know this is off subject, but your team is still doing some of the Katrina stuff. Are you using best practices as it relates to Hurricane Katrina, some of the money that was wasted in that area, some of the contracts that weren't executed the way they should have been executed especially along the no-bid area; are you applying some of that? Because we are going to have the folks in the next panel that are actually going to execute this, or the people that were given the opportunity to do so. Are you applying some of the things that maybe your team has seen with Hurricane Katrina towards oversight as we look at executing this contract?

Mr. SKINNER. Yes. And like I said, we have developed what—I referred to these as specialty teams, and we have one dealing with nothing but Katrina operations, and we have one dealing with nothing but SBInet initiatives, and we have one dealing with nothing but the Coast Guard initiatives.

And we are using—the techniques we are using is we are working hand in hand with the procurement officers, the program officers, and the integrated project teams that are responsible for those procurements, and we are not waiting. Unlike what we did in Katrina, the contracts went out the door the first week, 2 weeks. Here we have an opportunity to be working with the program offices and the contract offices before the contract went out the door.

So we are working hand in hand with them, providing them, for example, our first advisory report that is only the first in a series of reports that we will be issuing so that we can provide our per-

spective, our insights and our concerns on an ongoing basis throughout not only the procurement phase, the solicitation phase, the award phase, but also the execution phase.

Right now we are looking at the task orders, the two tasks that have been awarded under SBInet for the pilot project in Tucson as well as the management tasking order that was awarded last month. So we are doing that for both Deepwater, we are doing that for SBInet.

And Katrina, there we are trying to catch up because there, all of the contracts went out the door, and the money went out the door, most of it. So what we are doing there is an assessment of what contracts we have, and we are going through each and every one of those that are high risk. That is sole-source time and material and limited competition, looking for areas where there could have been waste, fraud, and abuse, and, of course, as you know, we are finding some of that as we go through each of those contracts. And that will take us some time to do that over the—we have been working on it this past year, and we will be working on it for the next year to 2 years before we get a full picture.

Mr. MEEK. Mr. Skinner, are you pleased with the response you are get from the Department on the obvious—or recommendations that your people are finding? Are you all working together better now than you have in the past; the response from the Department in trying to resolve some of these issues before we get into the area of embarrassment?

Mr. SKINNER. Absolutely, and I am very satisfied with the responses we are receiving from the Department, from CBP, and from the procurement office and from the SBInet program office. The cooperation could not be better. The issues that we have pointed out in our advisory letter, these are issues that they are currently working on.

One of the things we have cautioned the Department about is we need to proceed with caution until we can develop an acquisition program, a baseline as to what the big picture is going to look like. If we are going to be putting together tasking pieces of the picture, we have to know what the big picture is going to be. We have to know what type of financial commitment to get these things done. We can't secure one part of the border and leave our ports unsecured. And yes, we expect to get program management plans, program plans, systems engineering plans, and as well as a performance plan with measures as to when we can expect to get these documents so that we could evaluate them and so we can move on.

Mr. MEEK. Thank you so very much.

And, Mr. Chairman, thank you for the latitude. I yield back.

Mr. ROGERS. The Chair now recognizes Mr. Souder for any questions he may have.

Mr. SOUDER. I have some, yes, and I have a bigger one that I am going to get diverted to, but I want to make this brief point.

If there is a real fence to keep people from getting to a vanishing point, a real fence will slow them down. I spent a lot of time on both the north and south border, and I know we have to have a strategy. I was glad to hear Mr. Giddens say we are not going to replace people because we don't begin to have enough people now even if we had a hard fence because they are still going to come

over, but it is going to slow them down more. So we have to have some kind of combination between a hard fence and electronic fencing and virtual fencing.

And I hope the administration agrees that the hard fence, the 700 miles, is absolutely essential, and then the hilly areas and other more open areas are another challenge because I don't know that we can hard-fence the entire border.

But I am baffled here. I saw Mr. Giddens' presentation with all of this equipment, and I have seen pieces of all of these variations of things as I have been up and down the border, but did I hear you say that you don't have a cost estimate, and it could be between 2—and $30 billion, you are not sure which? How in the world did Boeing make a bid? How do you do a contract, show us all of these things that you are going to do on the border? I understand if you do this at Nogales, they are going to move over to here. We know that. How does somebody bid, and how do you choose a contractor without having any idea of the price range? They don't even know if they can implement this.

Mr. GIDDENS. Sir, the way that we conducted the competition was to ask for several things from all of the competitors. One was the concept of how they would proceed in securing the border.

Mr. SOUDER. If funds were unlimited, was that the proposal?

Mr. GIDDENS. We did not put a funding constraint on it through this solicitation process.

Mr. SOUDER. So it was a pie in the sky, give us your best shot, if you have whatever unlimited amounts of money, what would you do to seal the border?

Mr. GIDDENS. We also asked them not just their CONOPS, but also in particular what would they do for the Tucson sector, and that was a cost proposal with all of the bases of estimates in that. And also what would they do for an 8-month, $20 million project that again was very specifically detailed and priced in their proposal.

Mr. SOUDER. So that's what you were saying; if you extrapolated that, that would give you some idea of the total cost for the south border?

Mr. GIDDENS. I would hesitate to do the extrapolation on that 28-mile area because there is a 28-mile stretch, and its relationship to the southern border of almost 2,000 miles is one I would not make today.

But in the upcoming plan we have delivered, that we will be delivering in December, does talk about a broader array of how we would roll this out, particularly initially, focusing on the southwest border.

Mr. SOUDER. So they bid on a contract and gave you a concept for two sectors, but didn't, for example, give you the mountain sector in either California, in New Mexico, the eastern part of Arizona.

I am still curious. We don't do this in any kind of contracting governance, do we, where we say, give us a pie-in-the-sky estimate, and pick the contractor within—without a fixed budget of any type? This is what I am struggling with, because theoretically somebody could come up with something that was totally unachievable.

Mr. GIDDENS. That is why we ask for specific pricing on those two task orders.

I guess I would be hesitant to speak so to overall procurements; I don't know if Ms. Duke wants to add anything.

Mr. SOUDER. But, Mr. Skinner, Inspector General, you tend to be retroactive afterwards, but wouldn't this be one sign that could potentially lead to problems? Do you know of other cases where we have bids and bids selected without even any price range?

Mr. SKINNER. No. But those were—you see that type of activity—those are the types of contracts that are going to get us in trouble down the road. You are going to see cost overruns, you are going to see schedules not being met, you are going to see possibly even services and goods that are going to be delivered that are not going to actually work. That is why it is essential that we develop a basic—a baseline, an acquisition baseline plan, and that we have clearly defined operational requirements.

And who is going to be involved here? Who are we going to be leveraging off of? Are we going to be using other DOD communication systems? Is it going to cost us? Are we going to be building our own and pay for them? These are the types of questions we are asking. That is why we are asking the Department to move slowly until you can make—define what your requirements are, you can define what your acquisition baseline is.

Mr. SOUDER. Mr. Chairman, I know you share this concern, because this is how you run into problems at the Capitol Visitors Center. Because it is changing specs is what gives cost overruns; it is true in home building, it is true in any kind of corporation.

But this was unusual because we are not changing specs, we don't have the specs. And I am not arguing with Boeing, I am not arguing that this is difficult and the numbers and so on, but it just seems extraordinary to me. I am baffled.

Mr. ROGERS. You are not the only one in this room.

The Chair now recognizes the gentleman from Mississippi for any questions he may have.

Mr. THOMPSON. Thank you very much, Mr. Chairman. I actually want to agree with everything that has been asked so far.

Mr. Giddens, can you tell me why the Department moved with this procurement, not having a plan or a strategy for border security?

Mr. GIDDENS. The purpose of this procurement was to, as we have focused on the border, provide that type of framework and that solution for securing the border. So we laid out an approach that is a performance-based approach with the stated objectives that Mr. Skinner had already referenced, and that is what we laid out as our requirements.

So we did have our requirements spelled out in the solicitation, and that is what the industry bid to. We were careful not to tell them what the solution was, but to tell them what our requirements were; and then industry had to bid back for that and provide very detailed proposals for the overall Tucson Sector, including their cost schedule and performance, and also for the $20 million, 8-month effort, and that is a subset of the Tucson Sector.

Mr. THOMPSON. How do you propose to maintain control of the cost to this contract with this kind of procurement?

Mr. GIDDENS. As each one of the task orders is awarded, they will have their own cost scheduling performance that will be negotiated, as Ms. Duke alluded to, before that task order is awarded.

Mr. THOMPSON. Mr. Skinner, do you agree with that approach?

Mr. SKINNER. By taking it task by task, that is a caution. That is probably the most prudent way to go at this point in time. But even then, you still need to know what the big picture is going to look like.

You need to know what the life cycle of the project is going to cost you. You need to know when these taskings will be put in place, when is the end date for us to assume ownership of the project. That is what is missing right now.

It is my understanding that is what is being worked on right now. It is my understanding that is something that sometime after the pilot project is complete the Department will be in a better position than to come in with a—to better define their operational requirements, develop an acquisition program plan, as well as performance plans and plans to measure—or judge the contractors to see what the progress is going to be like.

I think we are several months out before they are going to be able to do that for us, and until that is done, we need to be very, very careful how we proceed.

Mr. THOMPSON. Well—and I am not certain whether Ms. Spero or Mr. Giddens can answer. The information that we are supposed to have about the strategic plan, can you tell me exactly where the plan is at this moment?

Mr. GIDDENS. Exactly where it is?

Mr. THOMPSON. We are supposed to have it in December?

Mr. GIDDENS. Yes, sir, the 4th of December.

Mr. THOMPSON. Okay. We should have had it the 4th of December. When can we expect it?

Mr. GIDDENS. Sir, we are still on track, we believe, to deliver that on 4 December.

Mr. THOMPSON. Oh, I am sorry, I thought you said November. Well, it was supposed to be in November, but now you have pushed it back a month.

Mr. GIDDENS. Sir, I think the latest data requirement started off as 4 December.

Mr. THOMPSON. So we can expect—I won't quibble over that. So we can have it?

Mr. GIDDENS. Yes, sir.

Mr. THOMPSON. I take that back, I do want to quibble.

According to the legislation, it said November 1, but that is—Mr. Chairman, I thought it said November.

Mr. GIDDENS. Sir, I believe the actual legislation that passed did indicate in December, but—we would be happy to take that for the record, but I believe that the actual—

Mr. THOMPSON. Okay.

Well, Mr. Chairman, let's just say that procurement continues to be a problem. It is important that this committee not shirk its responsibility both in oversight and investigations, as well as management integration; and I would encourage us to do that. Most of us can't really explain the procurement, as Members of Congress, and it continues to show that we need some other work.

If I might, one other question, Mr. Chairman, if you indulge me.

Ms. Duke, can you give or provide me the mechanism by which small and minority business participation will be monitored with this contract?

Ms. DUKE. Yes. Boeing did submit a subcontracting plan, which I know you have reviewed. The way we are going to moderate—we have had discussions before that just doing the reporting and filing it in a folder is not enough, so we are doing a couple things: One, we are using the Defense Contract Management Agency, who does contract administration and specializes in subcontracting and has in-plant representatives at Boeing to actually do a review of Boeing's subcontracting system.

The review consists of looking at, is it a good system; and also doing compliance checks, meaning validating data and ensuring whether or not they are actually performing as reported. And that will be done in the first quarter of the calendar year to set a baseline. We will decide whether we will do annual reviews of the whole system after that, but we are doing the first baseline review in the first quarter of the calendar year.

Additionally, we are going to have regular business meetings. Greg's office has the regular program reviews, but there are definitely operational issues, so we are going to have regular business meetings to talk about small business and other types of management administrative issues with Boeing on a regular basis. They have designated a single point of contact for us. And so we are going to get their reporting on both the single contract and all their business with DHS, and just really do an aggressive monitoring of this in partnership with DCMA.

Mr. THOMPSON. Thank you.

I yield back, Mr. Chairman.

Mr. ROGERS. I thank the gentleman.

Obviously, we have a lot of questions and concerns. We just want to make sure this thing comes off right. We don't want another ISIS on our hands.

As this Subcommittee has demonstrated over the last two years, we are not turning loose of this. And this gavel is going to go to my colleague after the first of the year, and he has already made it clear he intends to continue to pursue this. And I am going to still be on this Subcommittee, and we are going to be staying after this to make sure it doesn't get away from us.

And what we are going to want to know is exactly what do you want to do, over what timeline, and what do you estimate it is going to cost. Those are just three clear, simple questions that we are looking for you all to help us get our arms around sometime in the not too distant future. We are not going to allow this to rock along unchecked, particularly given that we have put so much time into preparing for this, and we have had the flags raised by Mr. Skinner's comments.

Mr. Skinner, before I get to you, I want to go back to—Ms. Duke talked earlier about your staffing. Do you feel like you are fully staffed now? I know you have talked in the past about your staffing concerns and that you are working toward resolving that. Where are you in that effort? And as you hear us talk about the chal-

lenges we are going to be facing with trying to meet these new demands, are you there, are you going to be staffed for it?

Ms. DUKE. In my personal office, we got an additional 25 positions within the fiscal year 2007 budget, so it went up from 45. We got 25, it was a huge increase. We filled six of those positions in those first 6 weeks. And we are using all those positions for oversight of procurement and oversight of program management. And then a few of them are being used to build the acquisition workforce, we are dedicating some to build the skill sets of program management and contracting in the Department. So I think in my office we are in good shape.

Unfortunately, in the eight buying offices—we have got a generous plus-up in the 2007 budget; we got about 350 new positions Department-wide in the eight contracting offices. Our acquisition program continues to grow. We grew about 37 percent from 2004 to 2005, it appears we grew about another billion and a half to two billion from 2005 to 2006.

So we do continue to struggle. But so far the President's budget has given us a huge increase, and we are staffing to fill those positions, those 300-plus positions, in the Department. But that is a challenge, and it is not only for the contracting positions, it is for the program management positions like Greg's.

Mr. ROGERS. Tell me, as you look over the horizon at the demands that you face, do you have a high level of confidence that you are going to have the staffing you need when you need it to meet those challenges, or not?

Ms. DUKE. I am cautiously optimistic. We have a great interim program. We are building the resources; they are not out there and they don't exist, so we have to grow them ourselves. I have been able to recruit some great people from my—I can't talk to any of my old colleagues at Defense.

So we are really working on it, but to hire 300 people in this marketplace is very difficult.

Mr. ROGERS. All right.

Mr. Skinner, same question. When you look out over—you talked earlier about the personnel to implement the monitoring that you intend to have to implement. Do you have that personnel now? If not, do you anticipate being able to have the personnel to meet the new challenges that you are going to face with the growth of activity?

Mr. SKINNER. No, currently, I do not have it. But we do have a very aggressive recruiting program in place, and we anticipate by this summer that we will be able to staff up to provide the oversight that we think is necessary. Because, like I said earlier, procurement is just huge in the Department, and it is going to continue to be a big cost item in the Department, and it requires constant oversight.

We have pretty well staffed up with our specialty teams. We have team leaders that can address the Coast Guard Deep Water Project; we have team leaders and staff to address the SBInet operations.

We are still shy in—although we just recently hired a director, we still need additional resources to provide the oversight of the FEMA contracting initiatives as a result—in the Gulf Coast region,

as well as any future disasters that may occur. And we are still very lightweight here at headquarters to provide oversight over the cross-cutting issues, although we hired a very—an excellent director to lead that operation. She is operating with a skeleton staff right now.

Mr. ROGERS. Well, I would have guessed—I would have asked you to characterize it the same way I did Ms. Duke. I asked if her level of confidence was high that she would have the personnel level when she needed them. She didn't quite want to go there, but you sound like you have a higher degree of confidence that you are going to have the personnel by the time you need them.

Mr. SKINNER. If I relay that message, let me rephrase.

Mr. ROGERS. We have got a bunch of cautiously optimistic people in this room.

Mr. SKINNER. There is no magic number of what you are really going to need. And right now what I have done is—I had to hire these people, and to bring these people on board, I had to take cuts in other areas of our operation. So we are suffering in other areas as a result of this.

Mr. ROGERS. Well, just understand, cautious optimism is not what we are looking for. We want confidence that you are going to be able to do it. And if you don't have what you need, then we need to hear that you don't have it and exactly what you want from us so that we, the Congress, can provide it to you.

And I do want to—before I get away, because I want to ask another round of questions, I wanted to stay with Mr. Skinner just a minute. I want to talk about those cost estimates.

You have heard the responses here. You all came up with this $8 to $30 billion figure. Did I hear you make some remarks a little while ago that you felt like it was going to be several months before we realistically could expect to come up with some numbers? So are you comfortable this is not starting to get away from us?

Mr. SKINNER. At this point in time, I am very comfortable that it is not getting away with us. I know the Department is proceeding with caution here. We only have one tasking in Tucson. From there, I anticipate that they will learn a lot as to what systems work and don't work, and from there they can probably make better estimates.

As far as the 8 to 30 million, again, those were just figures that we picked up from industry specialists and forecasters, as well as industry rags or newsletters based on what they knew about an initiative like this. Our frustration right now is that we don't know what it is going to cost.

Mr. ROGERS. Because we don't know what it is going to be.

Mr. SKINNER. Yes. We just don't know what the big picture looks like right now.

Mr. ROGERS. So these numbers are meaningless right now.

Mr. SKINNER. Yes.

Mr. ROGERS. Thank you.

And I now recognize my friend and colleague from Florida, Mr. Meek, for any additional questions he may have.

Mr. MEEK. Thank you, Mr. Chairman. And it seems like the questions are repetitive along the lines of if you have what you need, so I am going to be very brief.

I take it that you know fully—I am talking to the Department—what you all are going to do within the time frame that you are going to do it, but you just don't know how much it is going to cost and what the time frame is that is going to be met. Am I correct in asking that question?

Mr. GIDDENS. When you include in that the "when" for particularly the 2007 funding; that is the detail to be laid out in the report to be delivered in December.

Mr. MEEK. The one that is forthcoming?

Mr. GIDDENS. Yes, sir.

Mr. MEEK. Okay.

Mr. Chairman, I am of the belief, speaking with the ranking member, we are just going to continue to do the things that we have to do. And I was explaining to him—I mean, what we are doing right now, because we have to, it is just that simple.

When I used to be a State trooper, we had intersections where it was once a yield sign, and then it turned into a stop sign and then it turned into a traffic light because of fatalities at that intersection. The fatality in this case, or the unfortunate circumstances in this case is that the American taxpayers' dollars have been spent unwisely. It is because we didn't have a committee that stayed on target, and especially a subcommittee that made it their purpose to stay on target.

I also want to share with you that I think it is very, very important that we look at it from the standpoint of the people that are carrying out the work. I notice you have quite a few contractors that are working on your side of the wall, and that concerns me a lot. Not that I am against contracting or subcontracting or what have you; and I know that there are issues with attrition within the Department, you won't necessarily get the Federal award for keeping people, but I think that it is important for us to really look at this for what it is worth.

I know Federal employees focus on what happens, especially with a lot of these contracts. Because they are in a direct line of command under you all's supervision, you can go to the contractor and tell them to dismiss someone. But I think as many Federal employees as we can get on it that have experience in this area, the better.

Secretary Chertoff sat maybe a couple of chairs—as a matter of fact, he was here by himself when he was before the committee before we left for the August break. He assured us that he is putting his best people on it. I would pretty much say, from looking at these numbers, he is putting his best contractors on it, and that concerns me. I think that I must raise this concern because I don't want to have to read it in a report from Ms. Duke or from Mr. Skinner. Because I know when it comes to the contractors, it reminds me of Katrina, it reminds me of other contracts that have come through this committee or that the staff has reviewed and had concerns with. So that is kind of a recipe for something not moving as smooth as it should.

So I am saying this so that you can have—both of you can have what you need when you go back to the building, and hopefully make you the big people around the table—maybe it will be a small or big conference table—to say that not only does this sub-

committee want to see the best team on this project, but we want you all to be able to get what you need, even all the way down to, Ms. Duke, what you need.

We have had several meetings together, and they have been—we have been real with each other and we have said, listen, if you need—if there are people, professionals, that you need in place, then we need to know about it because if you don't tell us and we find that, well, you know, we didn't have what we really needed, that reflects bad on you as a professional; and I know that the Secretary doesn't want that to happen.

And, Mr. Skinner, I carried amendments on the floor, and some Members said—they thought maybe you were my cousin, but I told them it was nothing personal, it was—I told them that you are from north Georgia—

Mr. SKINNER. A constituent.

Mr. MEEK. But I told them, looking at the work we do here in this committee and looking at the very obvious—the things that took place shouldn't have taken place. And oversight is very, very important; we want to know about it before we have continued major problems.

My last point, Mr. Chairman—and then if we are going to go a third round, I will stand back because I look forward to the second panel. I think it is important to make sure that you all, all of you there at the table, without even our staff or without anyone on this committee asking, just let me say, a random act of kindness, how about a random act of information?

We are saying that we want to make sure that you know everything that you need to know. Even if we sent you something just yesterday, here is a new development, I think that will make us feel better. I think that will also give confidence on the larger committee. We are focused on it as a subcommittee, but there are members that are not on this subcommittee in full committee. It will not only help the Secretary, it will help the Department, it will help Members of Congress understand, because we are going to have to be the ambassadors.

Mr. Rogers and I want to be able to walk on the floor, and other members of this committee on the floor, when Members ask us about what is going on—when it is, you know, above the fold, about what happened with the SBInet—I don't want to face them by saying, well, the Department, we fell short. We are well beyond that now.

So, again—I have said it 10 times if I have said it once—I just want to make sure that you all know that we are on your side.

And many times we don't have the opportunity to walk through this process. Usually there is some horrific event or some political date coming up that we have to do something in a drastic way and not have the kind of oversight and not have the kind of discussion that we need to have or a hearing that we need to have to make sure that we are all on the same page.

SBInet, I feel that we can't have enough hearings, and I feel that we have a great opportunity that we have never had before.

Mr. Chairman, I yield back the balance of my time. And I want to thank the panel for their testimony.

Mr. ROGERS. The Chair will now recognize Mr. Souder for any additional questions he may have.

Mr. SOUDER. Ms. Spero, Mr. Giddens, why, if you don't have a budget and you don't have a plan and you are doing it by section, didn't you bid the contract by section?

Mr. GIDDENS. Because we did the contract in a way that gives us the comprehensive ability to work this across the border.

When you say, we don't have a plan, you are correct. I don't know what the budget is going to be in fiscal year 2010; and the administration is working on what the budget will be in 2008, so I don't know what that answer will be. And we are going through the engineering process to look at what we have learned about the Tucson Sector through the source selection, and how that will be applied across the border, both the southern and the northern, to get to that baseline.

But at this point to be—less than 2 months after contract award, I think this deserves more of a look than what we could have done as a cursory to be at this point.

So we are working hard to be responsive to Congress' call for the report in December—

Mr. SOUDER. My concern isn't with the contractor; as far as I know, they may be the best contractor. It just seems an odd way to bid because obviously we need an integrated system, and if you had done it by project, that would give them kind of the one-up for the next sector because they would be able to integrate easier.

The problem with this is that we don't know that it will work. We don't know what their budget will be for that.

Now, I hesitate, but I understand what you are saying, and what is done is done to some degree, but just as a business person, I find this hard to swallow right now. So I kind of hesitate to ask this next question, but I will anyway.

Do you have any test case like the Tucson Sector on the north border? For example, on the British Columbia border we are being flooded with BC Bud; we are being now flooded with meth precursors; we are having immigration troubles coming in from Asia in the north border, and ISIS trying to deal with that internally.

Knowing you don't have a plan and you don't have a budget, but do you have a test that's going on on the north border, because they were corrected, correct, for both borders?

Mr. GIDDENS. The SBInet contract included scope for the northern border, but the current task orders we have on contract, the only contract we have for activity on the border is on the southwest border in that 28 miles of the Tucson Sector.

During the source selection process, all of the vendors did look at the northern border and provided insight on the dynamics and the difference between the southern and northern border, but we don't have an active task force at this point on the northern border.

Mr. SOUDER. In the December 4th plan, will it include any specifics or a budget for the north border?

Mr. GIDDENS. Sir, I am hesitant to speak about the plan until we have worked that through the administration and deliver that in December.

Mr. SOUDER. So 2 weeks out, you are not prepared to say that there is going to be anything in the plan on the north border?

Mr. GIDDENS. I am prepared to say that we are working to be responsive to the Congress' request for that report, but I am not at a point now, with the report not delivered, to detail what it would contain.

Mr. SOUDER. But it will have stuff on the south border?

Mr. GIDDENS. It will be responsive to the congressional request for the report.

Mr. SOUDER. When you say "scope out" the north border, what do you mean by that in the contract bid to Boeing?

Mr. GIDDENS. While the solicitation process required the vendors to provide a very detailed proposal on the Tucson Sector, it also required them to look at the distinctions and the differences between the southern border and the northern border, and we picked the Swanton Sector as sort of a counterpoint to looking at the southern border. So they had to look at their solutions and talk about its application, and on the northern border, particularly at the Swanton Sector.

Mr. SOUDER. So they did have a test, it was Swanton, but it wasn't as thorough?

Mr. GIDDENS. They did have a test, that did have to look at that, and laid out their concept, but they did not do the detail proposal, including at all the schedule and the prices that they did on the Tucson Sector.

Mr. SOUDER. Thank you.

Mr. ROGERS. Thank you. I want you to know we really do appreciate the time you all take to prepare for these and to come up here and help us. This has been very beneficial to this Committee, and I look forward to continuing to work with you in the next Congress. And with that, this panel is dismissed.

The Chair now calls the second panel. And I first would like to welcome you all. We appreciate your taking the time to be with us and talk over some statements and take some questions.

Mr. ROGERS. I would like to start off by recognizing Mr. Jerry McElwee, the Vice President of SBInet for Boeing Advanced Systems. And first, congratulations. And the floor is yours for any statements you would like to offer.

And I would again remind everybody if you could keep your opening statements to five minutes or less, you can put the full statement in the record, if you would like to just abbreviate it.

Mr. McElwee.

STATEMENT OF JERRY McELWEE, ICE PRESIDENT SBInet, BOEING ADVANCED SYSTEMS

Mr. MCELWEE. Mr. Chairman, Ranking Member Meeks, and members of the subcommittee, my name is Jerry McElwee, as you said. And as the Boeing program manager for the SBInet program, I am very pleased to be here today. It is a pleasure to talk about our plans and activities on this program.

With me today are two of the teammates, Brian Seagrave with Unysis, who is providing the information technology for the SBInet solution, and Tom Miiller with L–3, who is providing communications and deployment and, I might add, a vast amount of experience from the RVS system that they deployed.

First, let me say how proud we are at Boeing to have been selected to lead this important effort. Our enthusiasm extends throughout the entire team. We intend to bring to bear on this project the best technology, systems engineering and program management practices available today in the industry.

Under the SBInet contract, we will provide a comprehensive, open system solution to the challenge of controlling the border. This includes supporting U.S. Customs and Border Protection in detention, apprehending and processing people who cross our borders illegally, as well as facilitating legitimate cross-border travel and commerce.

The subcommittee asked the question earlier in this panel—the previous panel, as well as much earlier, how do we know this program will be successful when previous efforts have fallen short? I think that the answer to the question starts with the government's decision to address border security in a comprehensive way and utilize the services of a systems integrator. This approach is most appropriate for challenges that are large, complex and are conducted in a rapidly changing environment.

To this end, we started with the requirement that this system had to be focused on helping the Border Patrol agent do his or her job as well as they possibly can. We selected a number of technologies and designed a system to satisfy the needs of these Border Patrol agents in the field. As Mr. Giddens referred to, we call this a "tool kit," and its purpose is to increase substantially the productivity and effectiveness of the agent and, at the same time, enhance his or her safety.

We had one additional issue within Boeing, and that is that this is not a standard development contract. So I use the analogy of a builder who hires an architect and then builds, in this case, 17 solutions for the sectors of our U.S. border. We are in contract to do the architecture work, based on our proposal, and we are now waiting for the task orders to build those 17 unique solutions, tailoring those solutions based on the tool kit.

Of course, all of this is done on a detailed systems engineering analysis with the Customs and Border Protection and Border Patrol. The components will be selected from the tool kit and deployed along the border to provide a common, yet tailored, security solution that has been optimized for every mile of the southern and northern borders.

The systems engineering and design approach that Boeing uses is a process we have developed over time and with the experience gained from many other large and complex projects. The first step in this process is a rigorous analysis of the SBInet requirements. Complete requirements definition sets the foundation for all other work in the system and is critical for the ultimate system.

This is followed by extensive modeling and simulation—Mr. Giddens showed you some of the back border calculus that we used to test the output of the requirements process—and then a wide array of studies to look at potential solutions across the full spectrum of border crossing threats.

This is an abbreviated description of why we are confident our solution will work. Now let me describe our approach to keeping the program on cost and on schedule.

Our management approach utilizes Boeing's proven best practices to create a transparent governance structure that provides unique capabilities and strengths of our team with the oversight and knowledge of our government partners. At the heart of our system is an Earned Value Management system that provides a singular metric of program cost and schedule health at all levels of the organization, as well as early warning of potential problems and problem resolution.

As we get beyond Project 28, the initial 28-mile pilot, and start other task orders, we envision a substantial expansion of our team to increase capacity and bring in new technology. We have established a dedicated Web site for SBInet suppliers, and have received information from nearly 400 interested companies already. We have also initiated our first solicitation through that Web site.

In summary, we are confident we can fulfill the objectives of the SBInet program, and I am looking forward very much to the challenges ahead, as I am to your questions that I am anticipating. Thank you.

Mr. ROGERS. Thank you, Mr. McElwee.

[The statement of Mr. McElwee follows:]

PREPARED STATEMENT OF JERRY W. MCELWEE

Good afternoon, Mr. Chairman, Ranking Member Meeks, and Members of the Subcommittee. My name is Jerry I am the Boeing Program Manager for the SBInet Program. It is a pleasure to be here to talk about our plans and activities on this program. With me today are two of our teammates: Brian with Unisys who is providing the information technology for our SBInet solution, and Tom Miiller with L–3 who is providing communications and deployment. Teammates not with us today are:

- The Centech Group—Training
- DRS Technologies—Program Management, System Engineering, Mobile Towers
- Kollsman—Program Management, System Engineering, System
- Lucent Technologies—Advanced Technologies
- Perot Systems—Program Management, Business Process Change Management
- USIS—Program Management, Border Intelligence Application, Intel Preparation of the Border (IBP)

First, let me say how proud we are at Boeing to have been selected to lead this very important effort. This pride and enthusiasm extends throughout our entire team. We intend to bring to bear on this project the best technology, systems engineering, and management practices available today.

Under the SBInet, contract, we will provide a comprehensive, open system solution to the challenge of controlling the border. This includes supporting U.S. Customs and Border Protection in detecting, apprehending, and processing people who cross our borders illegally, as well as facilitating legitimate cross-border travel and commerce. It will also integrate seamlessly with the overall Secure Border Initiative discussed by our government customer on the previous panel. The architecture we have proposed will allow for continuous improvement as new technology comes on the market throughout the deployment.

The Subcommittee has asked the question, "How do we know this program will be successful when previous efforts have fallen short?"

I think the answer to this question starts with the government's decision to address border security in a comprehensive way, and utilize the services of a systems integrator. This approach is most appropriate for challenges that are large, complex, and in a rapidly changing environment. We feel any successful solution must be capabilities-based, fully integrated, adaptable and able to provide superior situational awareness for effective, decentralized, decision-making and response.

To this end, we started with the requirement that this system had to be focused on helping the Border Patrol Agent (BPA) do his or her job better. We selected a number of technologies and designed a system to satisfy the needs of the BPA in the field. We refer to these capabilities as a "tool kit" and its purpose is to increase

substantially the productivity of the agent and, at the same time, enhance his or her safety. The tool kit includes a variety of sensors, communications systems, information technology, tactical infrastructure (roads, barriers, and fencing), and command and control capabilities with robust situational awareness. Additionally, the tool kit will be expanded as new and proven technology becomes available from private industry and federal, state and local governments.

After conducting detailed systems engineering analyses with CBP and the Border Patrol, components will be selected from the tool kit and deployed along the border to provide a common, yet tailored, security solution that has been optimized for every mile of our Southern and Northern Borders.

The systems engineering and design approach that Boeing uses is a process we have developed over time with the experience gained from many other large, complex projects. The first step in this process is a rigorous analysis of SBInet requirements. Complete requirements definition sets the foundation for all other work in the system and is critical for the ultimate success of the system. This process includes performance requirements, design and operational constraints, mission definition, analysis, and system architectures. This is followed by extensive modeling and simulation to test the output of the requirements process and then a wide array of trade studies to look at potential solutions across the full spectrum of environments and border crossing threats. Following this process ensures that whatever technology or process is ultimately deployed will provide the government with the highest and best value.

The requirements setting, modeling, and simulation process is a foundation of what we offer to CBP in SBInet. Our experience tells us however, that equally important is the process by which the system integrator partners with the government customer to ensure nothing is missed. The government will be embedded side-by-side with the industry team at all the key locations of program management to provide input and help make decisions on a timely basis. We are well on our way to finalizing this partnership and are deploying our system engineering process. Continuous input from the CBP, the Border Patrol Agents, and other stakeholders will further refine our solution.

That is an abbreviated description of why we are confident our solution will work. Now let me describe our approach to keeping this program on cost and on schedule while meeting CBP performance objectives. Our management approach utilizes Boeing's proven best practices to create a transparent governance structure that combines the unique capabilities and strengths of our team with the oversight and knowledge of our government partners. At the heart of our system is the Earned Value Management (EVM) system which provides a singular metric of program cost and schedule health at all levels of the organization, as well as early warning of potential problems and problem resolution. We employ many other tools to facilitate execution, insure quality, reduce risk, maintain cutting edge technology, manage assets, and otherwise create excellent management and control. Time restrictions do not allow me to go into the details of these processes. This process and the support tools provide total program transparency to our government and industry partners.

Before I conclude, I would like to make a few quick points. First, as the integrator for SBInet, our job is to find the best mature technology available and make it work in the overall system. We are looking for the best value solution, whether it is on the team or not. Under the current plan, Boeing will not provide any hardware for the solution, nor are any of our team mates guaranteed any content in the deployments beyond Project 28. Each provider must earn their way onto the program.

Boeing currently manages roughly 30,000 suppliers, and we've been recognized for our expertise in this area. We want to insure a flexible and fresh solution for the CBP, so our system design assumes that improved technologies will become available and it provides for their incorporation into the solution.

We have set a target of 40 percent participation by small and small disadvantaged business, higher than the government requirement, to ensure we have new ideas and capabilities available to the program. Boeing has a very robust small business program and has consistently attained the targets set in previous programs.

When we get beyond Project 28, and start other task orders, we envision a substantial expansion of our team to increase capacity and bring in new technology. We have established a dedicated web site for SBInet suppliers and have received information from nearly 400 interested companies already. We have also initiated our first solicitation through the web site. We find using the internet a good way to communicate the opportunities in SBInet to the broadest possible audience and to create a level playing field for selecting the many additional suppliers we will need to complete the tasks that lie ahead.

Finally, Boeing and all the team mates are invested in the success of this program. In addition to the personal and economic benefits we all derive from secure

borders, we have made a portion of our fee contingent on successful performance. This rewards our commitment to the success of SBInet and to our government partner. Rest assured, with the leadership and assistance of CBP and the Border Patrol, we will deliver the SBInet solution that secures our nation's land borders.

In summary, we are confident we can the objectives of the SBInet program and look forward to the challenges ahead.

That concludes my testimony. I look forward to your questions.

Mr. ROGERS. The Chair now recognizes Mr. Brian Seagrave, Vice President for Border Security for Unysis.

Thank you for being here. We look forward to your statement.

STATEMENT OF BRIAN SEAGRAVE, VICE PRESIDENT FOR BORDER SECURITY, UNISYS CORPORATION

Mr. SEAGRAVE. Chairman Rogers, Ranking Member Meek and members of the subcommittee, good afternoon. I am Brian Seagrave, Vice President for Border Security for Unisys. I am responsible for Unysis work on the Secure Borders Initiative. Thank you for the opportunity to testify here today.

Unysis is pleased to work with the committee, and we look forward to continuing this relationship with the new Congress next year.

Unisys is a global corporation of 37,000 employees in over 100 countries providing information systems, solutions and services. We have a long history and proud history of serving the Federal Government.

Unysis is the leading provider of integrated security solutions for corporations around the world. We delivered a system for the Chilean immigration police that automates document authentication and screens individuals arriving at airports against international domestic watch lists, using facial recognition. We delivered a national identification card for Malaysia that employs biometric technology. Recently we have been awarded contracts by Australia, New Zealand and Canada to test a variety of technologies for immigration control.

We are proud to be a part of the SBInet team that has been chosen to help secure our borders and assist in assuring that all entry into the United States occurs through proper channels. Specifically, we are the information systems integrator as a subcontractor to Boeing on SBInet.

In Unisys' view, the border security challenge is in large part an information challenge. Each agency with a role in securing our borders can more successfully perform its mission through the effective use of information. Unisys' role in the SBInet program is to develop, integrate, deliver and manage information systems and their supporting infrastructure.

To define the most effective, technology-enabled concept of operations for securing our borders, Unysis and the Boeing team studied, modeled and simulated the impact of various concepts of operations, detection systems, and information on multiple factors affecting border patrol. For SBInet, we set out to address these factors using proven technologies, especially commercial, off-the-shelf technologies. The solutions we envisioned fully equip the Border Patrol and the ports of entry with information, include components already proven in other situations.

Some examples of the solutions Unisys expects to provide are:

First, a Common Operating Picture System, or COP, for integrating data from sensors, cameras, transponders, other law enforcement agencies and targeting systems into a real-time view of the situation on the border, real-time view of where the violations occur, with the information needed to most effectively and efficiently respond to an illegal entry at the fingertips of the agent;

Second, a system that enables interoperability between disparate radio systems so that agents and officers can communicate with Federal, State, local and tribal law enforcement, National Guard, DOD and international partners in times of crisis or joint operations using existing radios;

Third, a system that enables sharing information about apprehended personnel with other Federal, State, local, tribal and even international law enforcement agencies, and that equips CBP to detect and disrupt criminal enterprise; and

Fourth, a system for aggregating and storing operational data from across DHS units to enable more timely detection of patterns of interest, nonobvious relationships, shifts in the illegal entry threat, and changes in tactics, and thus enable a dynamic operational stance that is a step ahead of the adversary or, as hockey great Wayne Gretski put it, to be where the puck is going to be.

Mr. Chairman, our country has learned an important lesson from September 11th and the response to Hurricane Katrina. These events have underscored the importance of enabling different organizations to share information in real time across silos. Unisys' work on the SBInet program will provide solutions to securely eliminate these barriers and enable Border Patrol, CBP and DHS to achieve their missions.

As part of the Boeing team, we are prepared to implement several other information technology base solutions that we have studied and simulated, and I would be happy to discuss these other concepts if time today permits.

Like securing our borders, implementing these programs on a large scale will not be easy. To assist Unisys' implementation, the company will continue to rely on our diverse portfolio of subcontractors, many of which are small businesses. In fact, last year more than 40 percent of Unysis' subcontracting business went to small businesses, a significant number of which are minority—or women-owned.

Unisys' performance measures will be evaluated through cost, schedule and service level agreements. We welcome the Department of Homeland Security's scrutiny outlined in the recent appropriations bill. We will continue to supply the same high-quality work Unisys has consistently provided to government and private sector clients. We will be accountable for achieving objectives in costs, schedule and technical performance of systems which we are responsible to deliver. We are prepared to work on performance-based arrangements where we are rewarded or penalized based on performance of key metrics.

Border management is a complex, multifaceted issue, extending far beyond the actual line on the map. Addressing the challenges requires initiatives involving policy, processes, personnel, technology, information and sufficient resources.

We look forward to working with Boeing and our other partners on the team to help the Department of Homeland Security better secure our borders.

Mr. ROGERS. I thank you, Mr. Seagrave, for your statement.

[The statement of Mr. Seagrave follows:]

PREPARED STATEMENT OF BRIAN SEAGRAVE

Chairman Rogers, Ranking Member Meek, and members of the subcommittee, good afternoon. I am Brian Seagrave, Vice President for Border Security at Unisys. I am responsible for Unisys work on the Secure Borders Initiative. Thank you for the opportunity to testify before you today. Unisys is pleased to work with the committee and we look forward to continuing this relationship with the new Congress next year.

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Unisys is proud to be part of the SBInet team that has been chosen to help secure our borders and assist in ensuring that all entry into the United States occurs through proper channels. Specifically, we are the information systems integrator as a subcontractor to Boeing.

In Unisys' view, the border security challenge is, in large part, an information challenge. Each agency with a role in securing our borders can more successfully perform its mission through the effective use of information. Unisys role in the SBInet program is to develop, integrate, deliver, and manage information systems, and their supporting infrastructure.

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- First, a Common Operating Picture (COP) system for integrating data from sensors, cameras, transponders, other law enforcement agencies, and targeting systems into a real-time view of where the violations occur, with the information needed to most effectively and efficiently respond to an illegal entry at the fingertips of the agent; and,
- Second, a system that enables interoperability between disparate radio systems so that agents and officers can communicate with federal, state, local and tribal law enforcement, National Guard, DoD, and international partners in times of crisis or joint operations, using existing radios; and,
- Third, a system that enables sharing information about apprehended personnel with other federal, state, local, tribal, and even international law enforcement agencies, and that equips CBP to detect and disrupt criminal enterprise; and,
- Fourth, a system for aggregating and storing operational data from across DHS units to enable more timely detection of patterns of interest, non-obvious relationships, shifts of the illegal entry threat, and changes in tactics, and thus enable a dynamic operational stance that is a step ahead of the adversary; or as hockey great Wayne Gretsky put it, to "be where the puck is going to be."

Mr. Chairman, our country has learned important lessons from September 11 and the response to Hurricane Katrina. These events have underscored the importance of enabling different organizations to share information in real-time, across silos. Unisys work on the SBInet program will provide solutions to securely eliminate these barriers and enable the Border Patrol, CBP and DHS to achieve their mission.

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Unisys performance measures will be evaluated through cost, schedule and service level agreements. We welcome the Department of Homeland Security scrutiny outlined in the recent Appropriations bill. We will continue to supply the same high quality work Unisys has consistently provided to government and private sector clients. Unisys will be accountable for achieving objectives in cost, schedule, and technical performance of systems which we are responsible to deliver. We are prepared to work under performance-based arrangements where we are rewarded or penalized based on our performance on key metrics.

Border management is a complex, multifaceted issue extending far beyond the actual line on the map. Addressing the challenges requires initiatives involving policy, processes, personnel, technology, information and sufficient resources. We look forward to working with Boeing and our other partners to help the Department of Homeland Security better secure our borders.

Mr. ROGERS. The Chair now recognizes and welcomes back Mr. Miiller, Tom Miiller, General Counsel for L–3 Services Group, for any statement you may have.

STATEMENT OF THOMAS O. MIILLER, GENERAL COUNSEL OF L–3 COMMUNICATIONS, SERVICES GROUP

Mr. MIILLER. Thank you, sir.

Good afternoon, Mr. Chairman, Ranking Member Meek, and members of the subcommittee. My name is Tom Miiller, I am the General Counsel of L–3 Communications Services Group, and I am representing L–3 Communications Government Services Inc., which is a division within the Services Group.

L–3 is honored to be a part of the Boeing team that will implement the SBInet program. As an American industry leader, Boeing is the ideal lead systems integrator to secure America's borders. L–3's experience on the Remote Video Surveillance program, RVS for short, places the Boeing team in the unique position of having hands-on experience with many of the challenges that SBInet will face.

When L–3 appeared before this subcommittee in June of 2005, we testified that a program such as SBInet would require the active involvement of Congress, providing leadership, resources and guidance. This hearing is a manifestation of your leadership, and we welcome it.

In the June 2005 hearing, L–3 identified what I believed were critical considerations for SBInet's success. Those considerations have been addressed by the Department of Homeland Security and our team leader, Boeing. We suggested first that DHS use an appropriate contract vehicle and supervise the contract with an experienced program management team. As SBInet begins, we believe DHS is doing exactly that. Moreover, the choice of Boeing ensures that SBInet is being performed by a contractor with world-class program management capabilities and resources.

Second, based on our RVS experience, we testified that the acquisition of land rights would present a challenge to any effort to secure the country's borders. By immediately deploying mobile cameras and sensor platforms on an interim basis, the Boeing team will secure key border sites while the land rights for permanent

sites are obtained. Further, the Boeing team will assist the government in acquiring the land rights.

Finally, L–3 was concerned at the June 2005 hearing about the use of cutting-edge technology that is potentially untested or unreliable. Boeing's highly regarded procurement processes and vast supplier network will ensure that optimal technology is selected based on performance, reliability, life cycle costs and other considerations.

What does L–3 bring to the Boeing team and SBInet? Experience. As you know, L–3 inherited the problems of the RVS program when it acquired International Microwave Corporation in late 2002. Although we had to overhaul the management performing the RVS program, we gained experience and built lasting relationships with Border Patrol leaders and operators. We have first-hand knowledge of the challenges confronting the CBP agents who protect our borders. We know the practical realities of selecting and installing permanent camera sites. In short, L–3 has faced many of the issues that SBInet will encounter. Our experience will now benefit SBInet.

At the time of the June 2005 hearing, there were two open RVS matters, a GSA IG investigation, and unpaid L–3 invoices. I am pleased to report that both of these matters have been closed to the satisfaction of the government and L–3.

In conclusion, L–3 is proud and poised to contribute as a member of the Boeing team in making the SBInet program a success that protects our country.

Thank you for your time and attention. I will be pleased to answer any questions you may have.

[The statement of Mr. Miiller follows:]

PREPARED STATEMENT OF THOMAS O. MIILLER

Good afternoon, Mr. Chairman, Congressman Meek and Members of the Subcommittee. My name is Tom Miiller, General Counsel of L-3 Communications Services Group, representing L-3 Communications Government Services, Inc. ("L–3").

L–3 appreciates the invitation to participate in this hearing and is pleased to be able to address your questions. Moreover, we are honored to be a part of the Boeing Team that will implement the SBInet Program. As an American industry leader, Boeing is the ideal lead systems integrator to secure America's borders. Finally, we recognize that L–3—as a result of our experience on the Remote Video Surveillance ("RVS") Program—is in the unique position of having hands-on experience with many of the challenges that SBInet will face.

When we appeared before this Subcommittee in June of 2005, we made the point that a program such as SBInet (then known as the America Shield Initiative) would require the active involvement of Congress providing leadership, resources and guidance for the program. We recognize that this hearing is a manifestation of your leadership and we welcome it.

In June 2005, we identified what we believed were the critical considerations for SBInet's success. As SBInet commences, those considerations have been addressed by both the Department of Homeland Security ("DHS") and our program team leader, Boeing.

The considerations we set forth were:

(1) *Proper contract vehicle and program management structure.* By awarding a contract vehicle that encompasses all relevant disciplines required to successfully deploy SBInet, DHS has established the first predicate for success. Similarly, DHS recognizes the need for experienced professional program management to implement SBInet, within both DHS and the contractor. DHS has installed the needed internal program management and, by selecting Boeing as the SBInet contractor, ensured that the lead contractor will provide premier program management.

(2) *A proactive approach to acquiring the land rights for installations.* The largest program challenge faced during RVS was acquiring land rights. This was a sequential process that bogged down as the program expanded. First, the sites for permanent installations have to be identified. Then, environmental assessments are conducted before an agreement can be consummated for the land rights. Because of the aggressive completion objectives, this process will be a risk to SBInet as well. Boeing's plan to use mobile camera and sensor platforms while securing land rights and constructing permanent installations is the best possible approach to achieve timely coverage. Further, Boeing has a proactive plan to assist the Government in the environmental assessment and rights acquisition processes.

(3) *Cost and performance effective technology choices.* SBInet is a high technology project. There is a temptation to use state of the art equipment, which brings the risks that accompany cutting edge technology. In this regard, Boeing and its highly regarded procurement processes and vast supplier network will ensure that the optimal technology is selected, based on performance, reliability, life cycle costs and other considerations. Boeing is ideally suited to bring forward the most effective technology alternatives.

What does L–3 bring to the Boeing Team and SBInet? Experience. As you know, L–3 acquired the problems of the RVS program when it acquired International Microwave Corporation in late 2002. Although we had to overhaul the management performing the RVS Program to address the problems we purchased, we gained invaluable experience in the process and built lasting relationships with Border Patrol leaders and operators. We have first-hand knowledge of the difficulties that face the agents who work in the field securing our borders. We know the practical realities of selecting and installing permanent camera sites that can only be obtained by putting boots on the ground. In short, L–3 has faced many of the problems that SBInet can expect to encounter.

L–3 realizes that RVS is regarded as a failed program. At the time the contract expired, however, L–3 had solved many of the problems it inherited. We believe that despite the shortcomings in the Government's contracting and program management, RVS would have been completed successfully because we had learned what was required. That experience will now benefit SBInet.

There were two outstanding matters at the time of the June 2005 hearing: the open GSA–IG investigation and unpaid invoices. I am pleased to report that these matters have been resolved to the satisfaction of the Government and L–3.

L–3 cooperated fully with all aspects of the GSA–IG investigations and was informed by the GSA–IG on February 8, 2006 that all investigations had been closed without any action against L–3 or its predecessor, IMC.

With regard to the unpaid invoices of approximately $11 million, L–3, the Border Patrol, GSA and the GSA–IG participated in a process that reviewed and reconciled all invoices—paid and unpaid—from the beginning of the RVS Blanket Purchase Agreement until its expiration. This review demonstrated that the RVS program was financially clean from beginning to end.

In conclusion, L–3 is proud and poised to contribute as a member of the Boeing Team in making the SBInet Program a success that protects our country.

Thank you for your time and attention. I will be pleased to answer any questions you may have.

Mr. ROGERS. I thank all of you for your statements. And I would like to start off with the questions, but before I do, I would like to offer this observation.

I do think that you make a good point, Mr. Miiller; you all weren't at fault for what happened with ISIS coming off track, and you did make a valiant effort to try to right that wrong. But we are looking for you to be a knowledgeable resource on this team to make sure those kinds of things don't happen this time around, because we are going to be watching.

But—we do have confidence, and I think that it says a lot about Boeing that they brought you all in as a part of their team, but I do want to kind of throw this out to Boeing first.

We still are trying to get our arms around—as you could tell from the first panel questions and answers—this Committee is still trying to get its arms around where we are and where we are

going. Well, where the Department is and where the Department is going with these concepts and with the costs.

Since you didn't have a specific plan that you were bidding, and you have described this architectural relationship, tell me in more of a discussional fashion, how did you get the bid? What is it that you bid on? And why did you get it as opposed to somebody else?

Mr. MCELWEE. We, of course, didn't make the selection, but we have been told a couple of things about why we were selected. One, we had an excellent technical approach. The tool kit approach that pulled together the different technologies that are mature, available, and deployable today enhanced the survivability and the efficiency and effectiveness of the Border Patrol agents.

We were also told that we had a good quality assurance surveillance plan; and within the terms of the RFP, that means that we identified a performance metric and described a process by which we would go about meeting that particular perform metric.

They asked about our past performance, and we described two different programs. One was the Army's Future Combat System program. I was the program manager for the CTD phase; and now, after 42 months, it has an SPI, scheduled performance index, of 99.4 percent, which means it is a day and a half behind schedule, and it has a cost performance index of 1.01, which means it is under budget.

That approach to managing programs and that success was identified as a good element of our offer to the customer.

Mr. ROGERS. I am trying to get in the conversation between you and your client.

You are the architect, and your client is telling you what they want. What did they describe for you that they wanted? And then how did you come up with some numbers and some technical responses to meet your client's needs?

Mr. MCELWEE. We puzzled over that question quite a while, as you might imagine, when we received the Request for Proposal. They asked us to describe how we would first detect, then identify, then classify, and then apprehend people crossing into this country to achieve operational control of the border. The definition of operational control was left to us to determine what we felt that might be—all of this in a context, as you recall last spring, about what was going on with the Temporary Worker Program and options for reducing, as someone said, a magnet for attracting people here.

So, in that context, what we attempted to do was lay out a performance metric, associate a cost with that, and then estimate the total deployment of that solution across the northern and southern borders.

Mr. ROGERS. And you said you associated cost with the tools that you put in place to meet your plan.

Mr. MCELWEE. Yes, sir.

Mr. ROGERS. Do you feel comfortable that—now that you all are getting close to developing a plan, that you—and I am not going to ask you the number, but are you starting to feel like you have got your arms around the kind of costs that are going to be involved as we go forward?

Mr. MCELWEE. Absolutely. This is not development work, this is mature technology. And it is like building a house, going down to

the local supplier and buying your raw materials, pouring the footer, buying the framing, buying the plumbing and so forth; and those costs are generally well known. There is some risk, of course, as you integrate it and deploy it, but the fundamental costs are very well understood and can be easily estimated.

Mr. ROGERS. So my understanding then is, it is just a matter now for your client to tell you how big a house they want before you can tell them the cost.

Mr. MCELWEE. Yes, sir.

Mr. ROGERS. All right.

Let me ask Mr. Seagrave's response. Would you concur with what Mr. McElwee just offered, or have you anything that you would like to add to that?

Mr. SEAGRAVE. Thank you for the question.

I certainly concur with Jerry's response to the question. I think the key now is that we have to conduct the site surveys, we have to get the details that we need to determine where we have to make adjustments in the estimates that we had before we can give them the final estimates, and that is what will occur for each task border for each segment of the border. Unysis will do it for the IT piece, L–3 will do it for the communications, Boeing will integrate all of the pieces.

Mr. ROGERS. Mr. Miiller, do you have anything you want to offer to help us? Again, you all know what this Committee is trying to find, and I am trying to get you to help us, give us a higher degree of comfort that you all are on top of this.

Mr. MIILLER. Sir, I really don't have anything to add to what the two gentlemen have said. I agree with them.

Mr. ROGERS. Well, you heard earlier what this Committee is going to be doing in the coming year. We are going to want to know specifically what you are going to try to do, what timeline, and what is it going to cost. So I would urge you all that as you continue to work with your client, you start to formulate answers to those things, at least for this Committee, because those are the things that we are going to be coming back around to.

With that, my time has expired, and I will yield to my friend and colleague from Florida, Mr. Meek, for any questions he may have.

Mr. MEEK. Thank you, Mr. Chairman. I want to thank the panel for coming before us. I had an opportunity to look at your opening statements.

I just wanted, Mr. Chairman, based on your questioning—and I know that from Boeing you have put forth some forthcoming information in your testimony by saying that we are going to—we are the prime integrator, we will be managing it, but we will not use any of Boeing's technology. I thought that was encouraging.

So I would assume that none of these products will have the advantage over any decision that you may make as it relates to Boeing products; am I correct?

Mr. MCELWEE. Sir, that is exactly right.

Mr. MEEK. Okay.

There was one other thing you mentioned when the chairman was asking you a question. You said that we are charged with defining operational control. Could you explain that a little bit more, because I want to make sure that there is some sort of—so we are

clear on what Customs and Border Protection will be doing and what you will be doing.

Mr. MCELWEE. This was a rough quote from the request for a proposal that all of the competitors received, and it basically said, operational control is made up of the components of detecting people across the border, identifying those that cross, classifying them—are they an illegal alien looking for a better job or are they a smuggler or are they a terrorist of some sort—and then, once classified, allowing the Border Patrol to apprehend those.

And it was up to us to determine where to deploy resources, whether in detection, identification or apprehension classification to achieve a level of control that would be considered operational control. There was not a precise metric associated with that term in the RFP.

Mr. MEEK. So this will be based on information that Customs and Border Protection shares with you and with Boeing—I don't want to make it personal—with Boeing, and you are charged with defining operational control?

Mr. MCELWEE. We were to propose a response to operational control. It is the responsibility, of course, of the Department of Homeland Security to define that and tell us what the parameters are that we have to design a system to meet.

Mr. MEEK. I just wanted to make sure, because I didn't want anyone to leave the room with other impressions.

Mr. MCELWEE. Thank you, sir.

Mr. MEEK. One other question—and I am glad to see my friend here from L–3. Thank you for coming before the committee again.

I think this is a wonderful opportunity—and I don't want to leave anyone out, but I think it is a wonderful opportunity to not only represent to the Congress that we can actually start a project and have contractors and auditors from the Federal Government and the inspector general play a role and be embedded along with all of you to be able to put forth a project that all Americans feel very passionate about, and that is protecting our borders.

I think it is also important for us to continue to hear some feedback, so I am just going to throw a blanket question out there, something that we have not covered.

And, Mr. Miiller, you mentioned before in your testimony, and in your testimony today, encouraging this subcommittee and the entire committee to continue to be engaged in this process, some things you think that we need to know, outside of your written statements based on what you heard or—obviously, you wrote these statements before you walked in the door, or someone wrote them, but something based on a comment by our previous panel, a problem probably we need to hear that we need to play a role in.

I know that Mr. Rogers and I and other members of this committee will be out in the first 28 miles of Project 28, or whatever we want to call it; and you all probably will not be there because it will be someone else that would take our hands, along with the Department, briefing us on what is actually happening here—success, roadblocks, failures, what have you.

Based on what you have heard, is there anything that we need to hear, you think that we need to know, something that we need

to look forward to? Because this is a work in progress, even though we are off to a start now.

With the chairman, I want to congratulate all of you for being a part of it. And also in the spirit of the ranking member, I hope that there is a way that you can meet all of your goals with small businesses playing a role in this, because I believe that we are going to be in the business of border security something fierce on both ends of the spectrum, be it the north border or the south border in the future, to protect the homeland.

Mr. MCELWEE. I would just respond, sir, that we welcome your insight and your oversight and understanding of the environment that we are working in and the challenges that we face. It is not going to be a start at point A and go to the end point without a lot of discussion. Part of it will involve performance. Part of it will involve funding issues.

I realize that we will be back here, or our client, customer, will be back here many times explaining to you what has transpired, and what is going to happen next, and what we anticipate the future to hold in terms of our ability to deploy the systems and provide the level of security that we so desperately need to the southern border and on the northern as well

Mr. MEEK. Let me ask this question, and I want to go a little further.

I know we have heard that part about what we need. Wonderful. We are glad we are here. My question is along the lines of as contractors, because the three of you are there. It is almost like if I was secretary of an agency, and I come before Congress and I say, man, this is the way it is going to happen. This is the way it is written out in the contract. These are the people who are working with. We are working in a wonderful way. But all of us have history. It is almost like I go to a dinner and say, just introduce me as Kendrick, not as Congressman.

But I just want to be able to—I understand that you all are not going to be on the field. You are not going to be making the day-to-day decisions. You will not be executing the everyday nuts-and-bolts function of SBInet. I am going to go ahead and say that. But you are the individuals who are going to have to come before Congress and talk about the good, bad, and ugly. And again, I am asking the very, you know, fourth grade question here. Is there anything that you heard this morning that maybe you think we need to be thinking about here?

Many times we are accused of knowing just about everything. We assume we get on a committee, and automatically we have a Ph.D. on the subject. I will tell you, speaking for myself, that is not the case. So I am going to ask a very plain question to you one more time saying that, well, I heard the testimony, I recommended some things to the Department that could be best practices. So we want to hear them if you have them.

You don't have to think hard. If you don't have it, that is fine. That is fine. You can get it to us later. But I want to make sure there is an open-door policy. The Chairman has put it out there. I don't get tired of asking the question over and over again. We do it all the time with management oversight committees. We are supposed to ask these questions.

Mr. MCELWEE. I will provide a comment, not a question. I think this has been—this procurement process from start to finish has been run very professionally. It has been as good as any that Boeing has participated in, and it is representative, I think, of the talent that the Department of Homeland Security has brought to the effort. I wouldn't say that were it not the case. But we have actually been very pleased with this, and we have had other dealings with the Department. This one is very well done.

Mr. MEEK. That is fine.

Well, with that, Mr. Chairman, I know I am over my time. I want to thank those of you that came before the committee and your return, Mr. Miiller, and I look forward to continuing discussions.

Like I shared with the Department, I would encourage—and if it is not me, with staff, with any of us here, I know the Chairman feels the same—even when we don't ask for the information, please share it with us. We may be able to avoid a hearing if we were to get more of that. And if we don't hear that, we are going to call a hearing because we need to know. That is why we are here.

Thank you so very much, and congratulations for getting the contract, and hopefully we will be more secure because of it.

Thank you, Mr. Chairman. I yield back.

Mr. ROGERS. I thank the gentleman.

I recognize Mr. Souder for any questions he may have.

Mr. SOUDER. I want to make it clear from my earlier comments here, I am thrilled with this initiative. It is long overdue. It is part of the whole idea of bringing the Department of Homeland Security together. It has just been frustrating. In my career I have been involved in narcotics, in particular, and that led me into immigration questions, and that trucks come, and then they get stopped, and they cross at another point, we don't even know they were there. People go in between, we stop them. Our agencies don't talk to them. Our north border and south border don't talk to each other. Our harbor and airports don't talk to our borders.

It has been—having an integrated command-and-control system is essential. I want to compliment the Department for proceeding and you all for working with that.

I am just flabbergasted with this. I don't know how you bid on how you are going to have total control of terrorists on the border. How in the world do you even figure out who is a terrorist when there is a million people coming through, particularly if they are a latent cell? I mean, that—it would be very interesting to hear your discussions on how you are going to bid that. But let me move to a couple of specifics.

On the tool kit, which is a great idea, did you have a specific cost on that? And how many tool kits you thought you might have, have you estimated that? What is the status of that?

Mr. MCELWEE. Sir, we took, if I may, a best value approach. We were looking for performance, and we were looking for cost. And so all of us make those decisions every day when we shop for our personal needs.

We looked at the overall performance, and, frankly, we looked at not just the initial cost, we spent a lot of time looking at life cycle costs. I think many of the costs you talk about in a large program

are not the initial procurement and deployment. It is maintaining that equipment, supporting it, fueling it, et cetera, that drives up your initial cost. So we looked at all of those and selected components and sensors. We had a number of sensors by type, and we would go out and look at the best value sensor.

Mr. SOUDER. In trying to understand this, I thought this was partly how to get it to the agents. But did you then put a specific dollar on the Tucson sector that you bid on that tool kit? And was that extrapolated, that you assumed you were going to have that cost averaged through the whole contract? How do you do that when you are putting it together for one sector bid, but don't know what is going to be there?

Mr. MCELWEE. As Mr. Giddens indicated, with a detailed analysis on Tucson and where there are different types of terrain on Tucson, you have a little bit of urban, you have rural, and remote, and mountains. No water. So we spend—we broke down the border for the entire 6,000 miles into, I think, eight or nine categories, and then we deployed our tool kit against those different categories of terrain based on the number of intruders we anticipated in each of those sectors, and that is how we came up for the total cost estimate for the 6,000 miles.

Mr. SOUDER. I know the Chairman said he didn't want to ask you that, But do you have a total cost estimate from the Department of Homeland—

Mr. MCELWEE. There are cost and performance issues we are not allowed to address. So we gave them a cost estimate that we estimated would be a part of our offering. It is up to the Department to determine which performance level they wish and at what cost.

Mr. SOUDER. So, Mr. Miiller, you mentioned one of the problems we have had is U.S. agents have had computers, they can't get access to whether we have mobile sites. You said about land rights and Internet and procuring those rights. Are you proceeding with that? Do you have a contract to do that at this point? Are you getting—how does this work inside this contract since you are only bidding on one sector? There is not a plan, and there is not a budget. What are you doing?

Mr. MIILLER. If you don't mind, I will defer to Jerry to answer that because he has got more details relative to how we are handling the land rights.

Mr. MCELWEE. We recognized high risk based on feedback we got from L3 as getting land rights to put in your technical solution. We discovered or concluded that one of the most expeditious approaches was to make them mobile. There are, in fact, mobile sensors deployed today that are providing some insight into the number of illegal intruders that we are getting across the southern border. Our solution is mobile until such time as we can secure the land rights to make it permanent. As Mr. Giddens indicated those two advantages: One, you make sure you get it on the right site; two, you don't have to delay so long.

Mr. SOUDER. Are you able to do that? Do you have a contract with a dollar amount that you can give, or is this theoretical?

Mr. MCELWEE. We have mobile solutions in the 20 million task order for Project 28, and based on experience from that, we extrapolate two additional task orders as they are given to us.

Mr. SOUDER. At this time you aren't able to purchase those because you haven't—you don't have any actual dollar amount. It is theoretical at this point.

Mr. MCELWEE. We have a fixed price, or very close to a fixed price, for those mobile assets, and it then becomes a question as you would in building a house, how fast can you roll it out based on your suppliers and your authorization to proceed.

Mr. SOUDER. In your calculation of risk at the border, I am going the raise a particular example. Did you also take into account what is happening on the other side of the border? For example, east of El Paso, in what I believe is at the edge of the Marfa Sector, we have a crossing there, but that sector from El Paso east is apparently currently controlled by the drug cartel, not the Government of Mexico. They wouldn't necessarily say that publicly, but I have asked the ambassador and others about why they can't get rid of the bulldozer at Neely's Crossing, for example. One thing you would have to have in your sensor system is when they start up the bulldozer. There are a couple hundred people and lots of equipment there because they are knocking down everything we put in. That there is a gravel base there. I don't know why it hasn't been taken out by the Mexican Government or hasn't taken out the bulldozer, but, my understanding, they don't have operational control of that side of the border.

Do you factor in at the different costs what is happening at the other side? Was that even discussed in your contract.

Mr. MCELWEE. As we were bidding this proposal, we were given an opportunity for due diligence in both Swanton and in the Tucson sector, and during those visits we were given information that the Border Patrol faced issues they faced on a day-to-day basis.

As you might expect in a competitive process, we did not have security clearances for the Department of Homeland Security, so consequently were not given access to the law enforcement and sensitive data. Now that we are on contract, we are getting to see that information, and, of course, we will adjust our tool kit to deal with those issues on each segment of the border.

Mr. SOUDER. Thank you very much.

Mr. ROGERS. I want to thank you for your time, and I know you are all busy. You have other things to do. The fact that you took time to make your prepared statements is very much appreciated. It has been very helpful to us, and we look forward to working with you in the coming years as we make our Nation more secure.

And with that, this panel is dismissed and this hearing is adjourned.

[Whereupon, at 5:10 p.m., the Subcommittee was adjourned.]

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