

**THE FUTURE OF BORDER SECURITY:
CAN SBINET SUCCEED?**

JOINT HEARING

BEFORE THE

**SUBCOMMITTEE ON BORDER, MARITIME,
AND GLOBAL COUNTERTERRORISM**

JOINT WITH THE

**SUBCOMMITTEE ON MANAGEMENT,
INVESTIGATIONS AND OVERSIGHT**

OF THE

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HOUSE OF REPRESENTATIVES**

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THE FUTURE OF BORDER SECURITY: CAN SBINET SUCCEED?

Wednesday, October 24, 2007

U.S. HOUSE OF REPRESENTATIVES,
COMMITTEE ON HOMELAND SECURITY,
SUBCOMMITTEE ON BORDER, MARITIME,
AND GLOBAL COUNTERTERRORISM,
JOINT WITH THE
SUBCOMMITTEE ON MANAGEMENT,
INVESTIGATIONS AND OVERSIGHT,
Washington, DC.

The subcommittees met, pursuant to call, at 2:05 p.m., in Room 311, Cannon House Office Building, Hon. Loretta Sanchez [chairwoman of the Subcommittee on Border, Maritime, and Global Counterterrorism] presiding.

Present for Subcommittee on Border, Maritime, and Global Counterterrorism: Representatives Sanchez, Harman, Cuellar, Green, Thompson (Ex Officio), Souder, and Reichert.

Present for Subcommittee on Management, Investigations and Oversight: Representatives Carney, DeFazio, Clarke, Pascrell, and Rogers.

Ms. SANCHEZ. The subcommittee will come to order.

The Subcommittee on Border, Maritime and Global Counterterrorism and the Subcommittee on Management, Investigations and Oversight are meeting today to receive testimony on "The future of Border Security: Can SBInet Succeed?"

Good afternoon. I would like to thank our witnesses for appearing before us today and for providing our subcommittees with a briefing on SBInet several weeks ago.

We are very interested in the progress being made on SBInet and the impact that this will have on improving our Nation's border security. There are several different projects within SBInet, and while it will be useful to get an update on all of them, of course, we are particularly concerned to hear about Project-28. Our subcommittees have closely followed the Project-28 process and the delays that have been a part of that, and we were led to believe at our June 7th hearing that this Project-28 would be operational by June 13th, and you already know my extreme disappointment with respect to that.

So there needs to be more open communication about what is going on with our Nation's border security and with the SBInet projects between the committee and the Department and its contractors, and I hope that we can use today's hearing to better understand the issues that have caused those delays, to get an update

on the actual status of Project-28, and to understand what that experience means for the rest of the *SBI*net Program.

As to a virtual fence, I think many of us here are counting on the fact that a virtual fence will be a useful tool for the Border Patrol, and that is why we all want to ensure that Project-28 and future projects work for the Department's needs, and I really do believe that many of us here want this to succeed and want *SBI*net to succeed. We want to enhance our border security, so I look forward to the completion of that project, and I look forward to making sure that *SBI*net actually works for the American people.

So I would like to thank Chairman Thompson, Chairman Carney, and Ranking Members King, Souder, and Rogers for their interest in this topic also.

The Chair will now recognize the ranking member of the Border, Maritime and Global Counterterrorism Subcommittee, the gentleman from Indiana, for his opening statement.

Mr. SOUDER. Thank you, Madam Chair.

I want to say first that my thoughts and prayers are with you and your fellow Californians as these wildfires are raging. When our Nation faces a crisis from terrorism or from natural disaster, all appropriate, available government resources need to respond.

I commend all of those involved in the firefighting effort. I know that the Customs and Border Protection has Border Patrol agents deployed to the area, and additional air assets are available to support these response efforts. It is very important that the Government pool its resources.

I want to express appreciation for CBP's efforts, and they are here before us today.

I also understand that several Border Patrol agents living in the area have lost their homes in the fire, and they have my sincere condolences.

We had a disaster in my district, in Nappanee, Indiana, last Friday with a tornado. A small community of 5,000 lost 200 homes, and we are still going through with FEMA on that as well.

Just like Federal, State and local agencies are coming together to fight and to respond to the California wildfires, we need inter-agency coordination in other Homeland Security areas especially on border security and specifically on *SBI*net.

I am concerned that, in developing, deploying and testing the technology for *SBI*net, there was little to no discussion, apparently, with the Department of Defense or with any other Federal agency to see what we have in the government inventory regarding surveillance solutions. I am afraid we are sometimes double and triple investing in different technologies and solutions due to lack of coordination and information-sharing.

In 1997, I traveled to Khobar Towers after the bombings. DOD had installed a security/surveillance network of cameras and radar at Prince Sultan Air Force Base after that, and at that time, they were struggling with heat and dust and radar clutter. These are some of the same problems that we are still seeing in Project-28.

I raise this for two reasons. Did anyone check with DOD to see what progress had been made in these areas over the last 10 years? Two, I find it hard to believe that between the Department of Homeland Security and the contractor for *SBI*net, that we could

not have predicted that we would face these similar challenges along the Southwest border that we are facing at our bases in desert countries.

These stovepipes cannot remain. We focused on stovepipes in the intelligence area, but it is clear that we are seeing a lack of technology transfer and understanding of what other agencies in the Federal Government are working on, particularly between Homeland Security and Defense.

I have spent a lot of time on the border during my congressional career, first as a staffer and, for the past 13-1/2 years, basically as a Member. I had the opportunity to meet with the then Tucson Sector Chief, David Aguilar, several years ago, and he and his agents crafted a jerry-rigged system of store-bought cameras and duct tape. From there, we moved to the dysfunctional ISIS border camera system.

Looking at the problems in P-28, I am concerned that we have not progressed very far. This subcommittee held a hearing on June 7th, 6 days before the original acceptance date for Project-28 was scheduled. Today's hearing is nearly 5 months later. I know that the Department and contractor are working extremely hard to get this right. I know that you are as frustrated with the delays as we are.

From today's hearing, I am looking forward to information on the status of Project-28. What are the lessons learned so far? Where are we going? How does this fence fit in? What are the new life-cycle cost projections?

I would also like to take a moment to welcome Chief Gilbert. I had the opportunity to meet with the Chief not long after his appointment as Chief of the Tucson Sector.

I think that your presence here today will help frame the *SBI*net discussion in terms of the impact on the border security and how agents can actually use this system. I know that 7 miles of new fencing are being instructed around the Sasabe port of entry. I am interested in your perspective on how this fencing has impacted security and illegal traffic in your sector. Chief, thanks for being here today.

Madam Chair, again, I thank you for holding this hearing. I yield back the remainder of my time.

Ms. SANCHEZ. I now recognize Chairman Carney for any opening statement he may have.

Mr. CARNEY. Thank you, Madam Chair.

I would like to thank you and your subcommittee for agreeing to work with my subcommittee on this issue. It is always a pleasure to be able to do things jointly and to address very problems that we see with DHS.

We had, I think, a great hearing in May regarding Deepwater and the mess that program has become, and I want today's meeting to be as productive in helping us understand what is going on.

Also, just a quick housekeeping note. As most of you know, I am pretty much a stickler for getting things in on time. The Department improved for a while, but it seems to be backsliding. I just would like the testimony in a timely fashion, please.

Frankly, I am disappointed that we are now 4 months past the scheduled operational date for Project-28, and the system has yet

to be successfully operated. I have seen in the testimony that you are now claiming significant progress has been made, but I am really wondering, as I am sure we all are, is Project-28 ever going to work as it was originally pitched to Congress and to DHS or are we pouring money down the drain.

The potential to harness powerful commercial technologies and unite them in an efficient monitoring system for the border seems like such a good idea. During my Navy Reserve duty last month, I was sitting at a military base here in the U.S., commanding the Predator somewhere over Western Asia. Surely, there is a technology available that can allow us to establish a line of towers along the southern border that can monitor people illegally crossing. If we can fly Predators from the stateside overseas, we should be able to get that technology on board.

We know that Project-28 just will not work if the radar is not functioning properly. When committee staff traveled down to Arizona earlier this month, the radar could not discern trees and bushes, blowing in the wind, from people. To have clutter like that distorting the radar picture just frustrates me, especially since this is supposed to be operational by now.

I hope the progress you mention in your testimony is not what the staff saw a few weeks ago. From what I remember about the projected cost, these towers were sold to Congress and the American people as being significantly less expensive than building an actual fence. That said, the longer we sit around waiting for Project-28 to officially go live, the longer the border remains as porous as it is. While I commend the Border Patrol for stepping up their recruitment and training, it is doubtful that even once they are fully staffed at authorized levels that they will be able to do their job without the help of an effective *SBI*net technology.

I am afraid this is just another example of the contractor's pitching the American public the "end all, be all" solution instead and wasting taxpayers' money and delivering little or nothing for it, a little more than smoke and mirrors. We have got to do better than this. I hope I am wrong, I truly do, and I challenge DHS and Boeing to prove me wrong, but I fear I will be proven right the longer Project-28 sits idle. You have to do better, folks.

Thank you, Madam Chair.

Ms. SANCHEZ. I thank the chairman.

Now I recognize the ranking member of the Management, Investigations and Oversight Subcommittee, the gentleman from Alabama, for his opening statement.

Mr. ROGERS. Thank you, Madam Chairwoman.

We are about to be called for a vote, so in the interest of time, I would ask unanimous consent to submit my opening statement for the record so we can get to the witnesses.

[The information follows:]

PREPARED OPENING STATEMENT OF THE HONORABLE MIKE ROGERS, RANKING MEMBER, SUBCOMMITTEE ON MANAGEMENT, INVESTIGATIONS, AND OVERSIGHT

This joint subcommittee hearing continues our oversight of the technology component of the Secure Border Initiative, referred to as *SBI*net.

Let me first thank our witnesses for taking the time to be with us today.

I also want to welcome back Mr. Greg Giddens, who has testified before the Management Subcommittee in the past on this important program.

In November 2006, the Management Subcommittee held the first congressional hearing on *SBI_{net}* and the newly awarded contract.

Almost a year has passed since that hearing, and yet we are meeting today to examine why the first pilot program—known as Project 28—is not working.

This development is especially troubling in light of our investigation of the existing border technology program in the 109th Congress.

We found the Integrated Surveillance Intelligence System—or ISIS—and its Remote Video Surveillance Program were plagued by mismanagement, operational problems, and financial waste.

Specifically, we heard from the Homeland Security Inspector General that many cameras did not work and they were not integrated to ground sensors.

Our Subcommittee put DHS on notice last year that the mistakes of the past should not be repeated in *SBI_{net}*.

Yet, we will hear today about new equipment that does not work and cameras that are not fully integrated to radars.

Congress' patience is wearing thin.

It is critical for our national security that DHS secure the borders *now*—not years from now.

Therefore, today we will explore a number of key questions with our witnesses, including—

Number One—When do you expect *SBI_{net}* to work and how much will the total program cost?

Number Two—What steps are you taking to ensure the problems of ISIS are not repeated in *SBI_{net}*?

Number Three—What safeguards are in place to ensure sound management and financial accountability of *SBI_{net}*?

And, Number Four—Why are you using steel from China—of all places—in building the border fence?

Time is not on our side.

The time to fix this program and secure our borders is now.

I thank the Chair, and yield back.

Ms. SANCHEZ. Thank you, Mr. Rogers.

The Chair now recognizes the chairman of the full committee, the gentleman from Mississippi, Mr. Thompson, for an opening statement.

Mr. THOMPSON. Thank you very much, Madam Chairman, and I will be brief.

June 13th, 2007 was supposed to be an auspicious date for the *SBI_{net}* Program and for the Department of Homeland Security as a whole. On that date, Project-28 was scheduled to be operational. Less than a week prior, on June 7th, 2007, this committee heard testimony from Department and Boeing representatives regarding the status of Project-28. No mention at that hearing was made of potential delays. No one disclosed any significant problems that could postpone Project-28 for many months, and yet, here we sit, 4-1/2 months later, and the project is still not operational. I am extremely dismayed, to put it mildly.

SBI_{net} is not a new concept. It is the Department's third border security technology initiative program. Many had hoped that Project-28 would finally offer an effective technology solution to better secure our borders, unlike *SBI_{net}*'s failed predecessors. We were told that, this time around, the outcome would be very different, partially because the Department had learned valuable lessons from prior mistakes. We were also told that Boeing's solution would be proven off-the-shelf technologies that would help mitigate risk and avoid the technical problems that plagued previous initiatives.

Finally, we were told that these technologies would be integrated to give Border Patrol agents the real-time situational awareness

they need to take control of this 28-mile stretch of the Arizona border.

None of these commitments, as of this hearing, have been fulfilled. Technological problems remain, and Project-28 is not an operational tool to help Border Patrol agents secure the border. I have a growing sense of *deja vu*. We have been here before, and we have held hearings like this before. The Department cannot continue to do the same thing over and over again and expect a different result. We cannot continue to throw good taxpayer money after bad.

Today, I need the Department and Boeing to tell me how they will turn Project-28 around. The Department owes the dedicated men and women of the Border Patrol an operational tool that will help them fulfill their mission. Most importantly, we owe the American people security and accountability. I can assure you that the committee will do its part by continuing to conduct vigorous oversight over Project-28 and the *SBI*net Program, in general, in the coming months and beyond.

Thank you, Madam Chairman.

PREPARED STATEMENT OF THE HONORABLE BENNIE G. THOMPSON, CHAIRMAN,
COMMITTEE ON HOMELAND SECURITY

- June 13, 2007, was supposed to be an auspicious date for the *SBI*net program and for the Department of Homeland Security as a whole. On that date, Project 28 was scheduled to be operational.
- Less than a week prior, on June 7, 2007, this Committee heard testimony from Department and Boeing representatives regarding the status of Project 28.
- No mention was made of potential delays.
- No one disclosed any significant problems that could postpone Project 28 for many months.
- And yet here we sit, four-and-a-half months later, and the project is still not operational.
- I am extremely dismayed, to put it mildly.
- *SBI*net is not a new concept—it is the Department's *third* border security technology program.
- Many had hoped that Project 28 would finally offer an effective technology solution to better secure our borders, unlike *SBI*net's failed predecessors.
- Were told that this time around the outcome would be very different, partly because the Department has learned valuable lessons from prior mistakes.
- We were also told that Boeing's solution would use proven, off-the-shelf technologies that would help mitigate risks and avoid the technical problems that plagued previous initiatives.
- Finally, we were told that these technologies would be integrated to give Border Patrol agents the real-time situational awareness they need to take control of this 28-mile stretch of Arizona border.
- None of those commitments have been fulfilled. Technological problems remain, and Project 28 is not an operational tool to help Border Patrol secure the border.
- I have a growing sense of *déjà vu*.
- We have been here before, and we have held this hearing before.
- The Department cannot continue to do the same thing over and over again and expect a different result.
- We cannot continue to throw good taxpayer money after bad.
- Today I need the Department and Boeing to tell me how they will turn Project 28 around.
- The Department owes the dedicated men and women of the Border Patrol an operational tool that will help them fulfill their mission.
- Most importantly, we owe the American people security *and* accountability.
- I can assure you that the Committee will do its part by continuing to conduct vigorous oversight over Project 28 and the *SBI*net program in the coming months and beyond.

Ms. SANCHEZ. I thank the gentleman.

I will remind the other members of the subcommittee that, under committee rules, opening statements may be submitted for the record.

Now I welcome our panel of witnesses. In the interest of time, because we have two votes coming up, I am hoping, maybe, we can get through some of this testimony, and then we will come back for some more testimony and questions.

Our first witness, Mr. Gregory Giddens, is the Director of the Secure Border Initiative at the Department of Homeland Security. Our second witness, Chief Robert Gilbert, is the Chief Patrol Agent of the Border Patrol's Tucson Sector. He directs close to 3,000 employees and oversees the enforcement of 262 miles of Arizona-Mexico border, including where *SBI*net's Project-28 is located. Our third witness, Mr. Richard Stana, is the Director of Homeland Security and Justice issues at the Government Accountability Office. We have also seen his work before our committee before. Our fourth witness, Mr. Roger Krone, is the President of Network and Space Systems, a business of Boeing Integrated Defense Systems, which is responsible for the *SBI*net Program. Our final witness, Mr. Jerry McElwee, is the Vice President of Advanced Systems for the Boeing Company.

Ms. SANCHEZ. So I went through that quickly and did not really give you the merit of all of your backgrounds simply because we really would like to hear from you. That having been said, without objection, your full statements will be inserted into the record, and I will now ask each of you to summarize those statements for 5 minutes or less.

We will begin with Mr. Giddens.

STATEMENT OF GREGORY GIDDENS, DIRECTOR, SECURE BORDER INITIATIVE, DEPARTMENT OF HOMELAND SECURITY

Mr. GIDDENS. Good afternoon, Chairwoman Sanchez, Chairman Carney, Chairman Thompson, Ranking Members Souder and Rogers, and other distinguished members of the committee. Thank you for this opportunity to come before you today to provide an update on *SBI*net.

My name is Greg Giddens, and I am a 27-year civil servant, and I currently serve as the executive director of the Secure Border Initiative at Customs and Border Protection, and I will keep my opening remarks brief.

As you know, *SBI*net is intending to provide tools to CBP agents and officers that will help them more effectively deter, detect and apprehend illegal entries into the United States. Project-28 is initial proof of concept of the *SBI*net technology solution taking place along a 28-mile stretch of the border in Sasabe, Arizona. Project-28 is intended to serve as a prototype that provides lessons learned to be incorporated into future *SBI*net efforts while, at the same time, providing tools to agents to assist them in difficult and dangerous tasks they face every day in the field.

In addition, it is a prototype of only part of the system. It does not yet contain all of the unattended ground sensors nor the air assets that are crucial to supporting the border security mission.

We have already begun to incorporate lessons learned from Project-28 into our follow-on efforts, including the design work for

the next line of the Common Operating Picture and its associated integration work. This significant effort to follow P-28 was laid out in our expenditure plan which we first delivered to Congress in December of last year.

Today, Project-28 has not been accepted by the Government. Boeing conducted system acceptance testing in the week of July 30, 2007, at which time the system did not fulfill the performance work statements and the requirements. Customs and Border Protection is committed to ensuring that these issues are resolved before accepting the system from Boeing. Because of the *SBI*net Program, its plans and the contract structure put in place by the Government, we are not incurring any costs as Boeing continues to work to fix this system. We have restarted the testing for Project-28, but let me take the opportunity to address something that I did not address well at the hearing in June.

Boeing is still integrating the system. That means they still have issues that they are working through. That means there are still risks with the schedule that we will talk about today. They have solved the majority of those systems' issues, but there is risk in this system. While we anticipate completing our testing in June, I just want to make it clear that there are still issues that Boeing is integrating on this system, but we have managed this in a way to protect the Government's interest and the Government's risk, and we will continue to do so. We do not intend to be date-driven but event-driven. We want to accept the system when it is ready.

However, we will keep in mind that this is a prototype system; this is not the end-state solution for *SBI*net.

While technology is important, it provides but one part of a comprehensive solution to border security. To secure each mile of the border requires a balance of technology, tactical infrastructure and personnel that is tailored to each specific environment. Customs and Border Protection recently exceeded our commitment to construct 70 miles of new fence by the end of 2007 by constructing a little more than 76 miles of new fence. As of October 24, we now have a total of almost 159 miles of fence on the southwest border.

Additionally, as an agency, Customs and Border Protection has made great strides towards securing our Nation's borders. In 2007, we added 2,574 Border Patrol agents, which now total 14,923, and Border Patrol apprehensions along the southwest border decreased by around 20 percent when compared from 2006 to 2007.

I appreciate your continued support as we help fulfill DHS' mission of protecting our country and its citizens. I will be pleased to respond to any questions that you may have.

[The statement of Mr. Giddens follows:]

PREPARED STATEMENT OF GREGORY GIDDENS

CHAIRWOMAN SANCHEZ, CHAIRMAN CARNEY, RANKING MEMBERS SOUDER AND ROGERS, AND DISTINGUISHED SUBCOMMITTEE MEMBERS, it is my honor to have the opportunity to appear before you today to discuss updates on *SBI*net, which is a key component of the Department of Homeland Security's (DHS) Secure Border Initiative (SBI) that will provide U.S. Customs and Border Protection (CBP) with the tools necessary to gain effective control of the borders. My name is Greg Giddens. I am a 27-year civil servant and I am the Executive Director of SBI. I would like to begin by giving you a brief overview of our agency and our mission.

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. Our Border Patrol Agents perform traditional and vitally important duties of detecting, apprehending, and deterring illegal aliens, smugglers, drugs, and other contraband between the ports of entry; and CBP officers carry out these interdiction and deterrence missions at our Nation's ports of entry while facilitating legitimate trade and legal immigration. This is done simultaneously and in conjunction with CBP Air and Marine interdiction agents, who protect and control our coastal borders and the air space above our borders and support the CBP mission on the ground.

SBI is the comprehensive multi-year plan established by DHS to secure America's borders and reduce illegal immigration. Within this effort, CBP is the executive agent for *SBI*, the component charged with designing, developing and implementing a solution that incorporates technology and tactical infrastructure to support Border Patrol agents between the ports of entry and CBP officers at the ports of entry to gain effective control of our Nation's borders. Through *SBI*, CBP will field an effective mix of proven technology (radars, communication devices, cameras, sensors, and other equipment), infrastructure (vehicle and pedestrian fence, lighting, and all-weather roads), staffing, and response platforms, and will integrate existing resources into a single comprehensive and integrated border security solution. This *SBI* solution will help Border Patrol agents, CBP officers, and Air and Marine interdiction agents more efficiently deter, detect and apprehend illegal entries into the United States.

The initial prototype of the *SBI* technology solution is taking place along a 28-mile stretch of the border in Sasabe, Arizona, in an effort known as Project 28. Project 28 is the first segment of an integrated system that will supply CBP agents and officers with the ability to detect illegal entries when they occur. The primary components of Project 28 are nine re-deployable mobile integrated sensor towers and cameras, enhanced communications, upgraded patrol vehicles, and Rapid Response Transport vehicles. Project 28 will provide Border Patrol agents with real-time information of both CBP assets and intruder locations.

In September 2006, the Boeing Company was selected by CBP to be the *SBI* prime contractor. The *SBI* contract allows CBP to implement the program through task orders, and CBP awarded the Boeing Company the first task order for Project 28 in October 2006. Project 28 is designed to demonstrate the effectiveness of the larger *SBI* system. Lessons learned from Project 28 will be incorporated into the *SBI* integrated system, which will provide Border Patrol agents with tools to better assist them in detection of illegal entries, effective and efficient response to such entries, and appropriate law enforcement resolution of those situations.

CBP has made significant progress in implementing Project 28. Boeing has deployed on schedule all 9 re-locatable camera and radar towers in the Project 28 area of operations in Sasabe. Also, all 50 of the Project 28 agent vehicles have been fitted with the Common Operating Picture (COP) hardware and 24 out of the 50 vehicles have the entire COP system to include computers, modems, and satellite phone connections. Border Patrol agents are receiving familiarization training on the Project 28 system every evening with a live system operating in a limited capacity. On several occasions, illegal alien groups have been detected, identified, and tracked using the Project 28 system.

However, integrating complex, off-the-shelf technology that has never before been integrated has proven to be a challenge and has resulted in technological difficulties which have delayed CBP's acceptance of the system. As of this date, Project 28 has not been accepted by the government, and will not be accepted until Boeing resolves a number of integration and software issues.

Boeing conducted system acceptance testing the week of July 30, 2007, at which time the system did not fulfill the performance work statement requirements. On August 3, 2007, CBP notified Boeing that it would not accept the system. CBP has provided Boeing with a list of deficiencies and direction on the path forward, and Boeing has expressed its commitment to fixing the system and delivering an operational capability to CBP. Integration and testing of the system is ongoing, and CBP is working with Boeing to resolve technical challenges. CBP is also working closely with Boeing to ensure DHS issues and concerns are expeditiously addressed and resolved in a collaborative, consistent manner. Project 28 has been baselined and a Change Control Board (CCB) has been established consistent with Boeing's Corrective Action Plan (CAP) to prevent further schedule slippages.

CBP is committed to fully testing the Project 28 system to ensure the technology works, identifying any problems, and ensuring that deficiencies are corrected before

accepting the system. Additionally, once CBP accepts the system, we will further evaluate the system's operational performance through field testing. CBP will use this information to develop and refine operations concepts and doctrine and inform future technology applications.

At this time, the vast majority of the technical issues with Project 28 have been resolved, with only two major issues open. CBP has begun certification and accreditation testing and anticipates starting the System Verification Test in late October and completing testing in November.

Because of the *SBI*net program plans and contracting structure, this delay will not have a contractual cost impact on CBP. This situation illustrates the utility and value of the Indefinite-Delivery-Indefinite-Quantity contracting approach of *SBI*net; by issuing individual task orders for specific sections of the border, CBP can assess contractor performance at each step without committing future funding. Near-term *SBI*net projects beyond Project 28—such as Tucson, Yuma and others—are focused on design work so that later technology production and deployment to specific sections of the border can incorporate any lessons learned from the current project. Already, the government and Boeing have learned significant lessons from Project 28 that have been incorporated into the follow-on Tucson and Yuma designs and the follow-on Common Operating Picture software designs.

While technology remains a critical element of our strategy, it is not the only element of our layered defense plan. Securing our Nation's diverse border terrain is an important and complex task that cannot be resolved by a single solution alone. To secure each unique mile of the border requires a balance of technology, tactical infrastructure, and personnel that is tailored to each specific environment. Tactical infrastructure consists of roads (patrol, drag and access), fence (primary, secondary, and tertiary), vehicle fences, and lights. The installation of fencing has proven to be an effective tool to slow, redirect, and deter illegal entries, especially in certain areas where personnel and technology alone cannot sufficiently secure the border. For example, in an urban environment, an illegal entrant can be across the border and into the community in a matter of minutes, sometimes seconds. In this environment, fencing provides a critical barrier.

CBP recently exceeded our commitment to construct 70 miles of new fence by the end of fiscal year 2007 by constructing 76.27 miles of new fence. This effort was comprised of 13 separate legacy and new projects, brought together under SBI. The majority of construction was completed in Arizona, with the remaining mileage in California and New Mexico, covering the San Diego, El Centro, Yuma, Tucson, and El Paso Border Patrol Sectors. The construction was carried out through multiple projects by the U.S. National Guard (Operation Jump Start), Joint Task Force North, private contractors through the U.S. Army Corps of Engineers, and the Boeing Company. The type of infrastructure used varied by location depending on operational requirements, the type of environment (urban, rural, remote) and its geographic and climatic characteristics (hills, rivers, mountains, forest, desert, etc.). As of 16 October, we now have a total of 157.28 miles of fence on the southwest border.

In a little over a year since the *SBI*net program began, CBP has made great strides toward securing our nation's borders, but we also recognize the challenges that lie ahead. By utilizing the latest technology and infrastructure, as part of a comprehensive solution that also includes additional well-trained personnel, and by maintaining a vigilant interior enforcement of our nation's immigration laws, we will continue to help DHS fulfill its mission of protecting our country and its citizens. I would like to thank Chairwoman Sanchez, Chairman Carney, Ranking Member Souder, and Ranking Member Rogers, and the members of the Committee, for the opportunity to present this testimony today, and for your continued support of DHS, CBP, and SBI. I would be pleased to respond to any questions that you may have at this time.

Ms. SANCHEZ. We will now hear from Chief Gilbert for 5 minutes.

**STATEMENT OF ROBERT GILBERT, CHIEF PATROL AGENT,
TUCSON SECTOR, UNITED STATES BORDER PATROL,
DEPARTMENT OF HOMELAND SECURITY**

Chief Gilbert. Thank you.

Chairwoman Sanchez, Chairman Carney, Chairman Thompson, Ranking Members Souder and Rogers, and distinguished committee members.

My name is Robert Gilbert and I am the Chief Patrol Agent of the Border Patrol's Tucson Sector. I am honored to appear on be-

half of the Border Patrol as we share your interest in the safety of U.S. citizens as well as the 2,845 dedicated agents who serve along the border in the Tucson Sector. I am pleased to discuss the enforcement efforts that have taken place in my area of responsibility and to update you on the status of Project-28.

The Border Patrol is a primary law enforcement agency responsible for protecting America's borders between the ports of entry. We are the first line of defense in DHS' multiagency effort to secure the border of our great country and to dismantle the violent smuggling organizations that threaten the American quality of life.

This is especially true in Arizona where the Tucson Sector is the most active corridor for illegal border activity in the Nation. In fiscal year 2007, the Tucson Sector arrested 378,239 illegal aliens, or 43 percent of the national apprehension total, and made 3,340 marijuana seizures, totaling 897,288 pounds, which represents 48 percent of the 1,852,525 pounds seized nationally by the Border Patrol.

The Border Patrol, as part of our national strategy, will continue to assess, develop and deploy the appropriate mix of technology, personnel and infrastructure to gain, maintain and expand our coverage of the border in an effort to use our resources in the most efficient fashion.

As an example of technology, including the expansion of camera systems, biometrics, sensors, air assets, and improving communication systems all connect as force multipliers that help the Border Patrol to be more effective.

One national example of beneficial technology is the IDENT/IAFIS integration systems, which captures a single set of fingerprints and submits them simultaneously to DHS' Automated Biometric Identification System, or IDENT, and DOJ's integrated Automated Fingerprint Identification System, IAFIS, for identity checks.

With immediate access to IAFIS nationwide, the Border Patrol agents have identified thousands of egregious offenders in fiscal year 2007, including over 300 homicide suspects, 460 sex crime suspects, 130 kidnapping suspects, and 11,600 suspects involved in dangerous drugs and trafficking, all of whom otherwise may have gone undetected. With 18,800 major crime hits and over 143,000 IAFIS hits throughout fiscal year 2007, we have made significant strides towards improving national security and greatly enhancing our ability to secure our Nation's borders through the development of better technology.

The Border Patrol anticipates that Project-28 will be a tremendous force multiplier to our overall operating capabilities. We expect that Project-28 is going to be an important part of the overall ray of technology that will enhance and accelerate the Border Patrol's ability to secure our border and to maintain national security. The technological capabilities of Project-28 will bring to the Border Patrol and will give us, along with the additional personnel and tactical infrastructure that are being added, the means to expand our operational control of the border. As customers of *SBinet* and Boeing—DHS, CBP and the Border Patrol—we have not yet accepted this project and are eagerly awaiting its delivery.

The Border Patrol's objective is nothing less than securing operational control of the border. We recognize the challenges of doing so as we have dealt with them for many years. Challenges continue to lie ahead, and the need for a comprehensive enforcement approach remains. Our national strategy gives us a means by which to achieve our ambitious goal. We face these challenges every day with vigilance, dedication to service and integrity as we work to strengthen national security and to protect America and its citizens.

I would like to thank you for this opportunity to present my testimony today and for your support of CBP and DHS, and I would be pleased to respond to any questions that you may have at this time.

[The statement of Chief Gilbert follows:]

PREPARED STATEMENT OF ROBERT GILBERT

CHAIRWOMAN SANCHEZ, CHAIRMAN CARNEY, RANKING MEMBERS SOUDER AND ROGERS, AND DISTINGUISHED COMMITTEE MEMBERS:

My name is Robert Gilbert, and I am the Chief Patrol Agent of the Border Patrol's Tucson Sector. I am honored to appear on behalf of the Border Patrol as we share your interest in the safety of U.S. citizens, as well as the 2845 great and dedicated agents that serve along the border in the Tucson Sector. I am pleased to discuss the enforcement efforts that have taken place in my area of responsibility and update you on the status of Project-28.

The Border Patrol is the primary enforcement agency responsible for protecting America's border between the ports of entry. We are the first line of defense in DHS' multi-agency effort to secure the border of our great country and dismantle the violent smuggling organizations that threaten the American quality of life. This is especially true in Arizona where the Tucson Sector is the most active corridor of illegal border activity in the Nation. In FY 2007, the Tucson Sector arrested 378,239 illegal aliens, 43% of the national apprehension total and made 3340 marijuana seizures totaling 897,288 pounds, which represents 48% of the 1,852,525 pounds seized nationally by the Border Patrol.

In the past year, we have added 3 Ground Surveillance Radars, utilized the Interior Repatriation Program, added a focused Targeted Prosecution Program, and conducted remote camp details in Sells, Bates Well, Papago Farms, Sasabe, and Camp Desert Grip to maximize the resources we have available. Tucson has benefited from national programs such as Operation Jump Start, utilizing the National Guard as an interim force multiplier as we increase our enforcement resources. Another national program is Operation Stone Garden which provides state, local and tribal agencies funding through DHS' Law Enforcement Terrorism Prevention Program to enhance border security. A total of Twenty-one law enforcement agencies participated in Operation Stone Garden in Tucson Sector this last fiscal year.

The Border Patrol, as part of our National Strategy will continue to assess, develop, and deploy the appropriate mix of technology, personnel, and infrastructure to gain, maintain, and expand coverage of the border in an effort to use our resources in the most efficient fashion. As an example, the use of technology, including the expansion of camera systems, biometrics, sensors, air assets, and improving communications systems, can act as a force multiplier that helps Border Patrol to be more effective.

One national example of beneficial technology is the IDENT/IAFIS integrated system, which captures a single set of fingerprints and submits them simultaneously to DHS' Automated Biometric Identification System (IDENT) and DOJ's Integrated Automated Fingerprint Identification System (IAFIS) for identity checks. With immediate access to IAFIS nationwide, Border Patrol agents have identified thousands of egregious offenders in FY 2007, including over 300 homicide suspects, 460 sex crime suspects, 130 kidnapping suspects, and 11,600 suspects involved in dangerous drugs or trafficking, all of whom otherwise may have gone undetected. With 18,800 major crime hits and over 143,000 IAFIS hits through fiscal year 2007, we have made significant strides towards improving national security and greatly enhancing our ability to secure our Nation's borders through the development of better technology.

The Border Patrol anticipates that Project-28 will be a tremendous force multiplier to our overall operating capabilities. We expect that Project-28 is going to be

an important part of an overall array of technology that will enhance and accelerate the Border Patrol's ability to secure our borders and maintain national security. The technological capabilities that Project-28 will bring to the Border Patrol, along with the additional personnel and tactical infrastructure that are being added, will give us the means to expand our operational control of the border. As customers of SBI*net* and Boeing, DHS/CBP/Border Patrol have not yet accepted this project and are eagerly awaiting its initiation.

The Border Patrol's objective is nothing less than securing operational control of the border. We recognize the challenges of doing so, as we have dealt with them for many years. Challenges continue to lie ahead and the need for a comprehensive enforcement approach remains. Our national strategy gives us the means by which to achieve our ambitious goal. We face these challenges every day with vigilance, dedication to service, and integrity as we work to strengthen national security and protect America and its citizens. I would like to thank you for the opportunity to present this testimony today and for your support of CBP and DHS. I would be pleased to respond to any questions that you might have at this time.

Ms. SANCHEZ. Okay. Thank you for your testimony.

We are going to break, go over and vote. I believe there are a couple of votes on the floor, and so we will stand in recess, maybe, for—it could be up to about 30 minutes or so. So, gentlemen, if you want to go get a Coke or something, we would love to have you back and proceed in about 30 minutes.

Thank you.

[Recess.]

Ms. SANCHEZ. The subcommittee is now back in order.

As to our third witness, Mr. Richard Stana, we will recognize him now for 5 minutes.

STATEMENT OF RICHARD STANA, DIRECTOR, HOMELAND SECURITY AND JUSTICE ISSUES, GOVERNMENT ACCOUNTABILITY OFFICE

Mr. STANA. Chairwoman Sanchez, Chairman Carney, Ranking Members Souder and Rogers and members of the subcommittee, shortly after the launch of the Secure Border Initiative, the committee asked us to review the SBI*net* Program and to provide periodic updates on the status of our efforts and interim findings. I appreciate the opportunity to provide our first formal update today.

As you know, SBI*net* is a multiyear, multibillion dollar program aimed at stemming illegal entry into the country between ports of entry. For fiscal year 2007, Congress appropriated about \$1.2 billion for SBI*net*, about 40 percent of which was committed or obligated as of September 30th. For fiscal year 2008, DHS has requested an additional \$1 billion. My prepared statement summarizes our work to date, and I would like to take the next few minutes highlighting our results in several areas.

Technology Deployment. Although components of the system were delivered on time, Boeing's inability thus far to resolve system integration issues has left Project-28 incomplete more than 4 months after its original June 13th milestone. That was the date when Border Patrol agents were to begin using Project-28 technology to support its operations. The problem involves the inability to integrate into one Common Operating Picture—the feeds of cameras, radars and unattended ground sensors. In August, DHS formally notified Boeing that it would not accept the Project-28 solution until these problems were corrected. DHS has taken steps to strengthen its contract management for Project-28 to address contractor performance challenges. Delays in getting Project-28 to

work properly may increase the cost schedule and performance risks for subsequent *SBI*net technology deployments.

Fencing and Vehicle Barriers. *SBI*net plans to have 370 miles of pedestrian fencing and 200 miles of vehicle barriers in place throughout the Southwest border by the end of next year. As of September 30th, 151 miles of pedestrian fencing and 110 miles of vehicle barriers have been constructed. *SBI*net contract fencing costs range from about \$700,000 per mile at San Luis to about \$4.8 million per mile at Sasabe. Costs vary due to terrain, materials used, if land acquisition is necessary, who does the construction, and the need to beat an estimated expedited schedule. Although tactical infrastructure deployment is on track, meeting deployment goals may be challenging and more costly than planned. DHS funded a fence lab to identify low costs and easily deployed fencing solutions and plans to try to contain future fencing costs by using the results of this effort.

Border Patrol Staffing and Procedures. The Border Patrol has taken initial steps to provide facilities for the 18,000 agents it expects to have on board in December 2008. It plans to provide a combination of temporary and permanent facilities to accommodate new agents, and it has projected a cost of about \$550 million in construction over the next 5 years. *SBI*net is expected to be a force multiplier by greatly reducing the time needed by the Border Patrol to perform detection and characterization activities. However, no one knows whether more or fewer Border Patrol agents and other assets will be needed because Boeing's *SBI*net solution has not yet been fully identified, tested or fielded. It is also unknown how or to what extent the *SBI*net technology will change the Border Patrol's operating procedures. The Border Patrol trained 22 trainers and 333 operators in the Tucson Sector to operate the system, but recent modifications and implementation delays will require the agents to be retrained. The Border Patrol in the Tucson Sector is reviewing its standard operating procedures to incorporate the *SBI*net technology into the way they do their job. Border Patrol headquarters will reevaluate its national strategy after the system is operational and tested and end user feedback is provided.

Finally, Project Management. The *SBI*net Program Management Office staffing increased from 79 in October 2006 to 247 as of September 30th, but it fell short of meeting its goal of 270 staff. We have not yet examined whether the project managers currently on board have been certified to manage the projects they were assigned. A draft human capital plan, which describes the numbers, skill levels and responsibilities of *SBI*net staff, has not yet been approved, so we cannot tell whether it fully addresses the issues we raised in our February report. For its part, Boeing has recently beefed up its contract management staff to help resolve *SBI*net performance issues.

In closing, Project-28 and other early technology and infrastructure projects are the first steps on a long road toward *SBI*net implementation that will ultimately require an investment of billions of taxpayer dollars. Some of these early projects have encountered unforeseen problems that could affect DHS' ability to meet projected completion dates, expected costs and performance goals. These issues underscore Congress' need to stay closely attuned to

SBI*net* implementation activities to make sure that the performance schedule and cost estimates are achieved and that the Nation's border security needs are fully addressed.

I would be happy to answer any questions the subcommittee may have.

Ms. SANCHEZ. Thank you, Mr. Stana.

[The statement of Mr. Stana follows:]¹

Ms. SANCHEZ. Now I will recognize for 5 minutes Mr. Roger Krone.

STATEMENT OF ROGER KRONE, PRESIDENT, NETWORK AND SPACE SYSTEMS, ACCOMPANIED BY JERRY McELWEE, VICE PRESIDENT, ADVANCED SYSTEMS, BOEING COMPANY

Mr. KRONE. Great. Good afternoon, Chairwoman Sanchez, Ranking Member Souder, Chairman Carney, Ranking Member Rogers, and other members of the subcommittee.

It is a pleasure to be here this afternoon to talk to you about Boeing's work on the SBI*net* Program. I am Roger Krone, President of Boeing's Network and Space Systems Business Unit. With me today at the table is Jerry McElwee, Vice President, Advanced Systems.

As you know from prior meetings, Mr. McElwee led the Boeing team on the SBI*net* Program from proposal through the first phase of the program. On August 1st, as previously planned, the program transitioned from Boeing's Advanced Systems organization to Network and Space Systems.

Mr. Dan Korte assumed the program lead at that time. Mr. Korte is with me here today, sitting in the row behind me. His background is in Supply Chain Management, and he has been invaluable to the program. Because we are integrating components from partners and suppliers into a system of systems, managing the value stream is important.

At the outset, let me emphasize that the success of the SBI*net* Program is of critical importance to the Boeing Company. We are absolutely committed to making this program work, and we are dedicating the resources needed to do so.

Since Boeing began working on the SBI*net* Program just a little over a year ago, we have made significant progress. In the first phase of the project, called the "Barry M. Goldwater Range" near Yuma, Arizona, we have successfully completed 9 miles of physical barriers and 1 mile of fencing. In phase 2 of that project, we installed an additional 22-1/2 miles of barrier and 30-1/2 miles of fencing, and this was completed in late September prior to the end of the fiscal year, and we have brought some posters of what that fencing looks like. Our SBI*net* Program set ambitious goals for small business participation which, I am pleased to report, we are exceeding. At the end of August, 69 percent of our subcontract dollars were with small businesses.

Boeing is also working Project-28. As you heard during Mr. Giddens' discussion, Project-28 has not been without its challenges. Boeing targeted initial operating capability in June. Regrettably,

¹ See GAO "SECURE BORDER INITIATIVE: Observations on Selected aspects of SBI*net* Program Implementation", Wednesday, October 24, 2007, GAO-08-131T.

we encountered systems integration issues during the dry-run testing that started on June 4th and was ongoing at the time of the last hearing. As a result of those tests, we determined that it would require more time to fix the software issues. Today, though, all of the equipment is in place and is functioning. The system completed the first phase of testing in mid-October, as I mentioned in the September 25th Member briefing, called "Certification and Accreditation Scans," and we are addressing a few remaining issues, after which, the Project-28 system will enter Systems Verification Testing.

What I would like to do, if I could, is to show a short video, within my 5 minutes, to highlight some features of the system. In the video, you will see the towers, the C2 Center in the Tucson Sector. We will take you inside one of the Border Patrol Agent vehicles, 50 of which we upgraded under the program. Let us go ahead and run the video, please.

So the 28 miles is centered around Sasabe in Southern Arizona as shown on the map. We provide nine towers—these are portable towers—98 feet in height. There are three components on the towers—the tower perimeter system, a communications system and, at the top, a radar which you can see at the top. Then there are three cameras—a black and white, a color and a night vision infrared camera.

In the Tucson Sector, we have the Command and Control Communications Center. That is where the COP is, the Common Operating Picture. There you can see the COP up on screens. There is one of our trainers actually training a Border Patrol Agent. This is actual video from the P-28 system of ten individuals crossing the border, and this is the same video I showed on the 25th of the three individuals. Both of those videos were taken in the month of September.

Next, we will take you inside one of the Border Patrol Agent vehicles, and we will show how the remote control of the towers operates. There is a Border Patrol Agent. That is the laptop point-and-click system, and then you can actually use a wand on a touch screen to remotely control the pan tilt and zoom of the cameras. There she is in voice contact with the Command and Control Center. All of the communications are up and running. She has taken local control of the camera on the tower, using the Border Patrol vehicle system, and you can see that she is slewing the camera. It shows the camera responding to her requests. All of this is up and running. All of this is functional.

As you have seen from the video today, the system is substantially improved. Overall, camera control is good. The system is consistently able to slew to new radar targets and to successfully record people crossing the border. Camera elevation difficulties have been fixed, and a solution for the radar display delays have been implemented. As noted earlier, the system entered CBP testing in October as we mentioned on the 25th of September. CBP will determine when testing is complete and the system is ready for operational use.

Madam Chair, I know the delays have been disappointing for everyone, and I apologize for that. Additional effort to enhance the system has been funded by Boeing and our supplier team. The Gov-

ernment has not spent one dollar over the fixed price contract to bring this system to bear. The lessons that we have learned in this demonstration will be extremely valuable in our continued effort to protect the Nation's borders and to expand the technology system across the southern border.

Thank you, and I look forward to your questions.

[The statement of Mr. Krone and Mr McElwee follows:]

PREPARED STATEMENT OF ROGER A. KRONE AND JERRY W. MCELWEE

Good afternoon, Chairwoman Sanchez, Ranking Member Souder, Chairman Carney and Ranking Member Rogers. It is a pleasure to be here before this joint meeting of the Border, Maritime, and Global Counterterrorism and Management, Investigations and Oversight Subcommittees.

I am Roger Krone, President of Boeing's Network and Space Systems business unit. With me today at the witness table is Mr. Jerry McElwee, Vice President, Advanced Systems. As you know from prior meetings, Mr. McElwee led the Boeing team on *SBI*net from proposal through the first phase of the program. On August 1, when the program transitioned from Advanced Systems to Network and Space Systems, Mr. Dan Korte assumed that lead role as project manager. Mr. Korte, who is also with me here today, has more than 20 years of experience in design and system engineering, integrated product team leadership, and program management. Most recently, he served as Vice President of Supplier Management and Procurement for Boeing Integrated Defense Systems. His background in supply chain management is invaluable to the program, because we are integrating components from partners and suppliers into a system of systems.

On September 25, I briefed members of the Committee on the status of *SBI*net. I'm pleased to have this opportunity to update the committee on this important program. We realize that this is a program of great interest to you, as it is to the Department of Homeland Security (DHS), Customs and Border Protection (CBP), and the American public. It is also of critical importance to The Boeing Company. We are absolutely committed to making this program work, and we are dedicating the resources needed to achieve success for *SBI*net.

As you know, the objective of the *SBI*net program is to design, deploy and sustain a technological and tactical infrastructure to support the Department of Homeland Security in its mission to secure America's borders. Since Boeing began working on *SBI*net just a little over a year ago, we have made significant progress in achieving these objectives:

- In the first phase of a project on the Barry M. Goldwater Range (BMGR) near Yuma, Arizona—where there is a serious problem of people crossing the border illegally onto an active bombing range—we successfully completed by April 1, 2007, nine miles of physical barriers and one mile of fencing.
- In July 2007, we began Phase 2 of this project to install an additional 22.5 miles of barriers and 30.5 miles of fencing. This was completed in late September. We are now working with CBP on Phase 3 of the BMGR project, which will add surveillance technology to the fencing.
- We are collaborating with CBP to specify requirements and have started preliminary design work for the remainder of the Yuma and Tucson Sectors, Texas Mobile System, and El Paso Sector. Each will be a separate task order and together they will deploy the *SBI*net system across all of Arizona, all of New Mexico, and about 70 miles of Texas.
- Our program set ambitious goals for Small Business participation, which I am pleased to report, we are exceeding. As of the end of August, 69 percent of our subcontract dollars were with small businesses.
- On Project 28—which is a \$20 million fixed price task order to install a demonstration of *SBI*net technologies along 28 miles of the Arizona-Mexico border—we have installed a network of sensors, communications equipment, and command and control capability to provide the Border Patrol a “common operating picture” (COP) for this critical border area. The equipment is in place and functioning, although not yet accepted by CBP. The system completed the first phase of testing in mid October, called Certification and Accreditation scans. We are addressing a few remaining issues, after which, the Project 28 system will enter the Systems Verification Test.

We appreciate the interest of the committee and the visit by staff to the command center in Tucson on October 5. As they saw, the center is very much a work site with engineering, software development, and testing as well as agent training in

progress. They personally observed one of the issues we face: excess targets (clutter) on the radar screens. We continue to address that and all other issues, and have made significant progress. For example, improvements on the “clutter” issue include installation of anti-clutter software to reduce the number of targets showing on the screen; increased operator training to help classify targets; and the use of “tracks” rather than static hits to indicate potential crossers on the radar screen.

The development of Project 28 has not been without its challenges. When Boeing appeared before this Committee in early June, we targeted initial operating capability in approximately seven days time. Regrettably, we encountered system integration issues during the “dry run” testing that started on June 4, and we subsequently concluded that we would need more time to fix the software issues. The problems included camera focus and slewing to target; radar tracking and time delays; radar/camera interface; and radar/camera/ COP integration. We notified CBP that based on the tests, we could no longer hold to our engineering schedules. They alerted this committee on the following day. In retrospect, from the start, we should have done a better job of making the committee aware of the inherent schedule and performance risks associated with a demonstration program of this kind.

After addressing the system issues that emerged in June, and updating the necessary integration features, we entered Systems Verification Test with CBP in late July. After reviewing the test results, CBP concluded that additional functionality would be required. We met with CBP, and worked out a mutually agreed list of corrections and upgrades, and have been working through the list since early August. Among the upgrades are “slew-to-click,” auto-focus, auto-ranging, increased communications bandwidth between the sensor towers and the station, and capabilities that allow mobile Border Patrol Agents to not only view camera video from the towers, but also to control the pan, tilt, zoom and focus of the cameras from their vehicles.

Today, the system is substantially improved. Overall camera control is good. The system is consistently able to slew to new radar targets and successfully record people crossing the border. Camera elevation difficulties have been fixed and a solution for radar display delays has been implemented. As noted earlier, the system entered CBP testing in mid-October. CBP will determine when testing is complete and the system is ready for operational use.

Madam Chair, I know the delays have been disappointing for everyone. The additional effort to enhance this system has been funded by Boeing and our supplier team. The lessons we have learned in this demonstration will be extremely valuable in our continued efforts to protect our nation’s borders.

Thank you and I look forward to your questions.

Ms. SANCHEZ. I thank the witness. For our final witness, I will now recognize Mr. Jerry McElwee for 5 minutes.

Mr. MCELWEE. Thank you, Madam Chair, but I have included my comments in Mr. Krone’s statement.

Ms. SANCHEZ. Great. Then thank you all for your testimony.

I would like to, at this time, remind members that we will go to questions. Each member will have 5 minutes to question the witnesses, and usually, I go to Mr. Carney, but let me ask a quick question, on my time, of Mr. Stana.

Do you believe, now having looked at this project—you know, there are a lot of us here who are thinking about this whole issue of how do we control the border and this virtual fence, and there are a lot of people who say let us just corner it off and build a big fence and, I do not know, shoot people when they try to repel over it or something, and many of us are trying to think of what is the best way, you know, to really control this border.

My question to you is, and it stems from the fact that we really do not know whether it is going to take more or less CBP once we get something like a Project-28 up or if we do that and then extend it across our southern border and, I would think, at some point to our northern border, too, by the way.

Do you think this is a solution, really? I mean now, with what you know, do you think that something like a virtual fence is the solution?

Mr. STANA. Well, I think any solution has different components to it. Part of the solution could be the virtual fence we saw. You know, we saw it in a hearing room. We have not seen it tested in Arizona yet, and so the results of the test will help answer that question.

I also think that, you know, having different barriers, whether it is fencing in key strategic areas, vehicle barriers in strategic areas and, of course, the right complement of Border Patrol agents, that all three of those have to come together and work well. We have not looked at the drones that are being talked about to patrol the border, so that might be an element of this also.

I might also mention that we do not know how many Border Patrol agents it is going to take to make this whole system work. It may initially take more, and as the success of the program, you know, bears fruit and we are able to apprehend more and fewer people try, we may be able to reduce the number, but initially, if more and more individuals are identified and are characterized when they cross the border, someone has to be available to respond to that, and if we do not have the agents to do that with the vehicles and with the other equipment it takes to do the work, then all of this is going to be something that helps us count the people we do not get.

Ms. SANCHEZ. Of course, we need detention centers or turnback centers and all of the infrastructure that is required for people we are catching.

Mr. STANA. Well, there is that. Also, this equipment that we are seeing today is expensive equipment, but it is also expensive to maintain and to periodically replace, and that is why it is important to have a total life cycle cost of what we are talking about here so we can make informed decisions on the way to go.

Ms. SANCHEZ. Thank you, Mr. Stana.

I will now yield 5 minutes to Mr. Carney, the chairman of the Oversight Committee.

Mr. CARNEY. Thank you, Madam Chair. I appreciate it.

Mr. McElwee, in Mr. Krone's written statement, he described Project-28 as, "a demonstration of SBI technology." I do not think we ever understood P-28 to be just a demonstration project. Our understanding was that P-28 was to be the first piece of a fully functional virtual fence. Are we trying to lower expectations here?

Mr. MCELWEE. Actually, no, sir.

The RFP, the Request for Proposal, came out in April of 2006. In that Request for Proposal, they requested that the bidder offer for \$20 million a demonstration of part or some portion of their total proposal. From the Boeing perspective, we looked at that and said, "What are the high risks associated with deploying our solution into the border area, particularly in the Southwest?" The conclusion we reached was that the first question is "Will a surveillance system work? Will cameras and radars in that environment provide Border Patrol agents insight into the people trying to cross the border?"

The second issue, of course, we were concerned about is the user interface. However, because of the type of contract, we understood that we would have limited access to Border Patrol agents, and we chose to provide only a rudimentary user interface until such time as we could go on to the next task order, which was proposed in the RFP to be the Tucson Sector. That was, in our review, a 2-year effort from start to finish, and we intended to develop a more robust user interface during that deployment.

Mr. CARNEY. So you are saying then that Project-28 was never intended to be a fully functional piece of a more comprehensive border solution?

Mr. McELWEE. It was up to the bidder to determine what they chose to bid, and in our case, we selected the items that you see deployed. After that deployment, we made several enhancements primarily to the user interface. We discovered that you really do need the ability to point to an item on the screen and to cause the camera to slew to that point. That had not been part of our initial offering.

Mr. CARNEY. Mr. Giddens, do you care to comment on that?

Mr. GIDDENS. Yes, sir.

As I mentioned in the oral, P-28 is a prototype, but I do not want to—you said “fully functional.” There needs to be functionality there so that the Border Patrol can take that and use that in an operational environment. They can look at con ops doctrine tactics and bring that information back to us so that we can mature the next version.

In the fiscal year 2007 President’s budget, there was a request for money to further P-28, recognizing it was a prototype, and Congress appropriated money in 2007 for that, and we again requested money in 2008 for that. So, from our budgeting and planning perspective, we view this as a prototype. It is not the end state of *SBI*net, but it is something that we need to learn from not only programmatically and technically—and we have learned from it already even though it is not accepted, but the next learning that we need is to get it into an operational state so that the Border Patrol has an opportunity to use it and so we can glean their inputs as we go forward with the solution for 2008.

Mr. CARNEY. Thank you.

Mr. Krone, again, in your testimony, you noted that, when our staff visited P-28, they saw clutter on the screens, on the radar screens. You also said that improvements have been made with anti-clutter software, for example, and with the use of “tracks” rather than static hits; is that correct?

Mr. KRONE. That is correct.

Mr. CARNEY. Okay. Were these changes made after the staff visited P-28 or had they already been installed?

Mr. KRONE. Well, let us see. In general, they were made prior to the trip. Although, if I may, the issues that you see are really not radar issues. They are how the radar track file is dealt with in a common operating environment, and we have, actually, gone to a system since June where we changed the gain on the radar system, right, to remove a lot of the spurious hits, and that is true of both rain, which I think has been mentioned, and other moving objects. What we have is a Ku-band Doppler radar, which detects

motion. So, if a piece of shrubbery is moving at more than 1-1/2 feet per minute, it is going to come up with a radar track. What we have done is using—we can use gain to filter those out, and then also vegetation, obviously, does not move; it does not create a track file; it does not create a streak across the screen. By using gain and also some training of the operators, we are able to easily distinguish between fixed objects like trees and bushes, moisture and actual people crossing the border, so—

Mr. CARNEY. So have we fixed the blurred vision of trees blowing in the wind? Can we distinguish between a tree blowing in the wind and a person now walking?

Mr. KRONE. Yes, we believe we can. Yes, sir.

Mr. CARNEY. Okay. All right. I guess my time is up for now. I yield back. Thank you.

Ms. SANCHEZ. Now I will recognize Mr. Souder, the ranking member of the Border Committee.

Mr. SOUDER. Thank you very much, Madam Chairman, and we have been having a continuing dialogue and unofficial meetings that are ongoing as well, so I want to make sure I just put a couple of things on the record since this is only our first official hearing on this subject since June.

One is that, during the Senate immigration debate, the implication was that we were on the verge of having this deployed for the entire border, and we were rushing through an immigration bill because we did not have control of the border. Some of the misunderstanding was caused by the administration overselling what you all technically in the field knew what was not happening, but part of the political consternation that has compounded this is the fact that, during those debates, all sorts of implications were made about the status that now is resoundingly not true. That has compounded it.

Secondly, I saw in some of the information provided for the hearing that the cost of steel has caused soaring costs on the physical fence. We held a hearing, when I was chairman over in the Government Reform and Oversight Committee, on fencing, and there were multiple different types of fencing that could be done and that, as a district that is the home to New Core and particularly that is the home to—they have many plants in New Core—but is the home to SDI, now arguably the biggest or second biggest steel company in the United States, these were foreseeable problems on steel, and there needed to be alternative types of fencing, and there still are alternative types of fencing that can be done because, with four times the cost when the steel is going up and down and with the availability, it needs to be counterbalanced in the planning.

The third point that I would like to just pursue briefly with Chief Gilbert is that we just held a meeting with ICE from Washington, Chicago and Indianapolis with prosecutors, sheriffs and jail commanders in my district of how to deal with the increasing chaos caused by not having a comprehensive or any immigration strategy. What we heard from prosecutors was, even though ICE was now responding and people were going back, they were back in 48 hours. We talked about this challenge at the border as well. The detention center is merely a holding thing to see if there were other crimes and they do not come back.

If this system, Project-28, is in place and we can see everybody coming in, how quickly do you think it will be until they are right back? As long as there is not a penalty, why won't they just come right back through?

Chief Gilbert. One of the things, sir, that we are working towards is an actual prosecution program called "Operation Streamline." We have implemented it with success in Del Rio, Texas as well as in Yuma, Arizona, and that is exactly what it does. There is a penalty for the crime of illegally entering the country. Those individuals are put in the system; they are prosecuted, and they are being put in jail. That, in itself, has shown to be a great deterrent.

In the larger sectors, Laredo is just kicking this program off, and we are planning in Tucson to hopefully kick it off soon as well because we believe, once there is a deterrent and you are actually penalized, if you will, and criminally prosecuted, that that will serve to help get control of our borders.

Mr. SOUDER. Thank you. I will follow up more directly with the Department on that. That is a very important component to any border control. Otherwise, all we are doing is watching repeated people.

I want to pursue in my last brief time here what I raised in my opening statement. I know, in my district, I have all sorts of defense electronics contractors—General Dynamics, Raytheon, ITT, BAE, USSI. Presumably, we have detection around, say, nuclear bomb facilities. I mentioned different bases overseas. I mentioned that, 10 years ago, we were trying to deal with the same separation questions, the same wind questions, the same sand questions.

Are there prohibitions? What has been the problem that the people who have devised this technology in the military sector did not coordinate with Boeing?

Mr. MCELWEE. That is a great question, sir.

In fact, what we did in putting the demonstration project together was to look at a wide range of immediately available solutions. As you can imagine, some of the long lead for some of the military technology, based on what was going on in Iraq, was fairly long.

We selected a radar, which is the Army's ground surveillance radar. It is in use today. It is one of the most widely deployed systems in the world. We selected a camera that has a range, a camera range, that matches the radar, and that is not easy to do. We selected that camera. It also had been deployed into the deserts in the Mid East and on some very cold borders as well, so we had proven technology.

The COP, the Common Operational Picture, was a law enforcement system that had over 600 deployments to law enforcement agencies, not only in the U.S. but around the world. As Mr. Krone had indicated, the challenge that we faced then was to pull those together very quickly to provide a capability that would, in fact, allow us to verify that we had a concept that would work.

Mr. SOUDER. The gentleman—if I may, Madam Chairman, follow up with that.

A company called 3D, which was purchased by General Dynamics in my district, particularly has an integration system that they

have looked for, in working with Homeland Security, to decide if it is more radio communications, but the fundamental question that I ask, because it sounds like you took different technologies that had not been deployed together and tried to put them together to meet the budget that was given to you, but I will ask a different fundamental question, which is:

Did you look at what actually was working in our bases and at nuclear facilities and in other places and then see—I understand, if the cost were too high, that could come back to us. If it were proprietary information, that could have come back to us. This is a broader question we have in the Federal Government of: Did you have access to see that? Were you restricted? Did you make the attempt? Did Homeland Security attempt to do it? Because why should the taxpayers be paying for the simultaneous development of different systems in different agencies?

Mr. McELWEE. Sir, we were not restricted at all, and what we have done—well, during the proposal phase, yes. I mean it was a Boeing proposal with our team, and so we used the resources available to us.

Subsequently what we did—in fact, we started this in the April time frame—is we went out to all of industry, both U.S. and overseas. 900-plus representatives from industry came to a day of understanding what “SBI*net*” is. We identified our requirements. We subsequently sent out RFPs, and we have just recently completed the toolkit, and we have, in fact, included many of the technologies that are being deployed today. The choice or the selection process was best value. We included not only the Boeing folks in the selection process, but we allowed or encouraged Customs and Border Protection to also have some insight into why we made the various selections, and we just completed an extensive review of each of those selections with CBP.

Mr. SOUDER. So do you believe the Defense Department has the same problems?

Mr. McELWEE. I am sorry, sir.

Mr. SOUDER. Do you believe the Defense Department has the same problems in providing base protection, nuclear facility—

Mr. McELWEE. Oh, absolutely. It is very similar.

The issue that we have is they have at least an infrastructure in place. Power lines are run, and it is a simpler challenge trying to think of 6,000 miles of border as a perimeter of 6,000 miles, and that is a little more challenging, but technology for surveillance at least should be much the same.

Mr. SOUDER. Thank you, Madam Chairman.

Ms. SANCHEZ. I will recognize Mr. Reichert for 5 minutes.

Mr. REICHERT. Thank you, Madam Chair.

I just want to follow up on a couple of points that have already been kind of touched on.

There was mention of the RFP out in 2006, and there was \$20 million, and you pretty much had the free rein in deciding how you were going to approach this problem, but there was one comment that was made that interested me.

You said you had limited access to the users. Was that language that was included in the RFP?

Mr. MCELWEE. No, sir. We had, roughly, 45 days in which to pull together a technical solution that represented the best value approach and the type of overall solution we thought most appropriate, so we devoted several weeks but not several months. The latest effort to pull together the toolkit has been ongoing for almost a year.

Mr. REICHERT. So your interaction with the users, essentially the Border Patrol—it was not a directive in the RFP. It was not a directive from the Department of Homeland Security or from the Border Patrol at all?

Does anybody want to add to that?

Mr. MCELWEE. As part of the proposal effort, we were given a due diligence visit to both the Swanton Sector in the Northeast and to the Tucson Sector in the Southwest. During that 2-day visit, we were allowed to ask any questions, and we received a whole series of briefings.

Mr. REICHERT. But you did not have free access to the users to continue this partnership. Why was that?

Mr. MCELWEE. I should say one thing. We had a team of Border Patrol agents in the February-March time frame who gave us some insight as we were pulling together our Common Operational Picture. That was one time and it was, I think there were lessons learned from that, and then we implemented those, as we could, from the April time frame.

Mr. REICHERT. I guess I am just trying to get to: Why wasn't there a recognition at the beginning of this project that the user would be one of the most important or, if not, the most important key in creating a successful operation product?

Mr. MCELWEE. I will jump in again.

My background prior to coming to this project was with a future combat system where we had a very close relationship with the U.S. Army, but that was a development contract, and we had multiple opportunities to co-develop many of the requirements and the solutions. This is a firm fixed price, and I think there was some concern on the Government's side that by asking us to make changes or suggesting changes that they would incur additional costs.

Mr. REICHERT. Does anyone else on the panel wish to address the question?

Mr. KRONE. Sir, I would like to make one statement.

Since the issues have arisen in the May-June time frame, there has been a very close collaboration with the Border Patrol agents, and we have Border Patrol agents with us in our development facility in Tucson almost daily. There is actually a Border Patrol agent who has been assigned to CBP in the acquisition process, and we interface with Rowdy on a daily basis. So, although this situation did exist in the early part of the program, from the Boeing standpoint, we are very pleased with the access that we now have to the Border Patrol agents.

Mr. REICHERT. Okay. That is good news.

I ask this question based upon some past experience that I have in law enforcement, and sometimes as the person driving around in a police car, the command staff is not especially excited about having their rank and file have input into those things because it

could raise the cost. They want all of the bells, whistles and gadgets, and so there is some hesitancy there sometimes.

I do not know, Chief. Was that a concern on your part or not?

Chief Gilbert. Actually, sir, early on in the process, we were not allowed to be sitting next to the developing program at that time because of contractual issues. It was not until that was cleared up, I would say, in the May, June, July time frame that we were actually allowed to get involved in helping develop the process, and we took our subject matter experts from the field and brought them in to the ones with an understanding for systems to start working this from the Border Patrol's standpoint.

Mr. STANA. But this underscores the kind of risks that you incur with this type of a contractor, with a lead integrator. If the requirements are not built from the bottom up, you run the risk of developing a system that is not as useful as it could be, number 1.

Mr. REICHERT. Yes.

Mr. STANA. Number 2, we are going into testing, and we are testing a capability that the Border Patrol rank and file may not be altogether comfortable with.

Mr. REICHERT. So who is responsible for writing the contract?

Mr. GIDDENS. Our organization was responsible for the source selection, and in that source selection, we gave the competing industry teams the ability to propose the types of contracts they believed best fit the risk of their system, and it was the nature of that firm fixed price contract, while we from Customs and Border Protection attended design reviews and sat in on those, that we did not give guidance in terms of contract changes to this firm fixed price proposal, which, I think, is one of the reasons that we are in this place now where the Government is not spending money on this system because it was under a firm fixed price; it was not delivered, and Boeing is fixing it on their own money.

Mr. REICHERT. Right.

If I could just make one quick comment, Madam Chair. I know my time has expired, but this certainly, to me, seems to be one of those highlighted areas, which would be that it may be in the top ten of lessons learned in building any sort of a project, program or tool. The persons using the tool need to be involved in the process of constructing the tool. I do not think we would be here today, delayed as much as we have been, if that had been the case at the very beginning.

Mr. GIDDENS. Sir, in going forward, we are not doing design work under a firm fixed price, so we had that opportunity to change from the very beginning, so we did change the contract type after the source selection.

Mr. REICHERT. Okay. Thank you.

I yield. Thank you.

Ms. SANCHEZ. I now recognize the gentleman from New Jersey, Mr. Pascrell, for 5 minutes.

Mr. PASCRELL. Thank you, Madam Chairwoman.

Mr. Giddens, it is my strongly held belief—I mean, I really believe this—that border security cannot be accomplished by simply erecting a physical barrier or relying entirely on technology. Our Nation needs a multilayered, multifaceted approach to the problem. That is my personal opinion.

I also fear that the current inability of the Department to find a border security solution that actually works makes it impossible for Congress to enact real immigration reform. And I believe you understand the connection of the two. Because you can't deal with the question of what to do with undocumented people in our Nation until we can stop the flow of people who are illegally coming across the border, south and north.

I will get to the north part in my second series of questions.

So my first question is, what were your real expectations for the SBInet when this entire process started? And be concise and please be specific.

Mr. GIDDENS. Sir, I would like to start—I share your concern that it has to be a comprehensive approach. There is no silver bullet for this. It takes, as was talked about before, detention as well as efforts at the border, intelligence beyond the border, work-site enforcement, and prosecutorial actions at the border.

Mr. PASCARELL. What were your real expectations?

Mr. GIDDENS. My real expectations for this effort were that P28 would come out and be delivered in June and give us an ability to learn in this 28-mile segment so that we could apply it across the border, particularly Arizona, which is the next place that my customer, the Border Patrol, indicates that they want the system deployed, is within Arizona.

So our expectation with this was to learn lessons on the 28 miles and apply them to the almost 400 miles of the Arizona border.

Mr. PASCARELL. So this was a real expectation of yours, that by June this system would be in place for at least the first 28 miles—

Mr. GIDDENS. As a prototype system that we would learn from.

Mr. PASCARELL. Right. Thank you.

My second question is, did you expect that this technology could replace or vastly reduce the necessity for physical barriers and additional Border Patrol agents at the places where this technology was deployed?

Mr. GIDDENS. Sir, I could barely address the tactical infrastructure and would ask perhaps the Border Patrol agent, that I would refer that to Chief Gilbert.

We view tactical infrastructure and technology as not substitutes. They serve different purposes.

Mr. PASCARELL. But this is a policy decision. This is not the Chief's decision. This is a policy decision. And my question is, did you expect the technology to replace or vastly reduce the necessity for physical barriers and additional Border Patrol? That is your question, not his.

Mr. GIDDENS. Well, no, sir. I think it is a mix, and it is not my job to determine where tactical infrastructure goes.

Mr. PASCARELL. Well, who determines that?

Mr. GIDDENS. That is the Border Patrol.

Mr. PASCARELL. Well, he can't determine that unless he knows that the technology is in place, correct?

Mr. GIDDENS. I guess I will let the—

Mr. PASCARELL. Does he establish the expectations for the technology? When I say "he," I am sorry, Chief Gilbert. That is not his expectations.

Mr. GIDDENS. Correct.

Mr. PASCRELL. Okay. You agree with me?

Mr. GIDDENS. I agree.

Mr. PASCRELL. Well, whose expectations are they, then?

Mr. GIDDENS. The expectations are jointly derived from the requirements that the Border Patrol has and the program office. But they do drive where the tactical infrastructure goes. And I thought your question was related to the tactical infrastructure.

Mr. PASCRELL. All right. The third question is this: Now that you have seen the setbacks, now that you have seen the current limitations to the technology, what are your current expectations? What are your current expectations in regard to the physical need for additional physical barriers and a larger Border Patrol presence? What are your expectations today?

Mr. GIDDENS. My expectations, particularly on the tactical infrastructure, is 370 miles of primary pedestrian fence, along with a vehicle fence along 200 to 300 miles of the southwest border.

Mr. PASCRELL. So your expectations today are the same expectations you had—

Mr. GIDDENS. Yes, sir. Because I believe that, while P28 is delayed and it is not successful, that we have learned from that, and we can apply that to the Arizona border and beyond on the southwest border.

Mr. PASCRELL. Mr. Giddens, I know that your job title relates to the *SBI*net in its deployment along our border with Mexico. You folks would think, to listen to our questions and my questions and questions that have been pushed through the Congress, that the only border we have is Mexico. I had a look back on the map, before I came to the meeting today, to make sure that our other borders are still existing, that I was not having an existential moment here.

So I hope you can help me, if I may, Madam Chair, inform the committee about the Department's efforts to deal with the challenges of the other border we have, 5,522-some-odd miles of Canada, the border to the north, which compares rather starkly to the 1,969 miles along the south. While we may not have the same degree of concern about illegal border crossings in regards to immigration—which I find interesting, which I find very interesting—we must surely have great concern about the possibility that terrorists would choose to infiltrate our northern border.

I mean, it is just common sense to tell you that it will come through across the Rio Grande, right? You agree with me? I wasn't—that is not my belief, but is that your belief?

Mr. GIDDENS. That there is a threat on the northern border?

Mr. PASCRELL. Yeah.

Mr. GIDDENS. Yes, sir. And CBP is taking actions to address northern border threats.

Mr. PASCRELL. Okay. Then that feeds right into my question. Does the Department have a real, multifaceted plan to address the liabilities we have on our northern border? What are your expectations there, for the record?

Mr. GIDDENS. Sir, I can speak from Customs and Border Protection but not from the Department perspective on this. So I can tell you what we are doing.

Mr. PASCRELL. You only deal with the south?

Mr. GIDDENS. No, sir. But at Customs and Border Protection, where I work, is where I believe I can speak best from, and not from departments' efforts that are outside of Customs and Border Protection.

Within Customs and Border Protection, we are applying air assets on the northern border. We are increasing the number of Border Patrol agents. We are taking a technology approach to the northern border starting this year.

Mr. PASCRELL. Are there any plans to build any fences along the northern border since we have so few Border Patrol compared to the amount of miles? Are we going to build any fences along the northern border?

Mr. GIDDENS. I don't know the answer to that question. We are going to put technology on the northern border, and we are going to start that this year.

Mr. PASCRELL. I mean, it is a pretty long border, and we don't have enough patrol. Have we eliminated the possibility of building fences along the northern border? Are we afraid that we are going to embarrass or insult our northern neighbors, unlike Mexico? What is the difference?

Mr. GIDDENS. No, sir. We have not eliminated options on the northern border.

Ms. SANCHEZ. The gentleman's time has expired.

Mr. PASCRELL. Thank you.

Ms. SANCHEZ. I will now recognize Mr. Carney for 5 minutes.

Mr. CARNEY. Thank you, Madam Chairwoman.

Mr. Krone, I want to follow up. A few minutes ago, we were talking about the fixes to the radar system, et cetera, and the fuzzy screens. You said the fixes were put in since June. The staff, in fact, noted the same problems when they visited a few weeks ago. Does it work?

Mr. KRONE. Right. Actually, sir, in your question, we do know that the staff was out there about 2, 2-1/2 weeks ago. And when you asked the question, I assumed it was around the staff visit. And the automatic gain had been installed prior to the staff visit. But since I wasn't in the room at the time, I can't tell you how well it was used to reduce the amount of radar clutter on the common operating picture. But the gain had been installed and could be used to reduce the number of spurious targets it showed in the COP.

And since then, we actually have done some work on some cabling and some filtering to help reduce the number of spurious hits.

So, again, what I felt I was doing at the time was addressing the staff visit that happened a couple of weeks ago. And we were informed after the visit that there—it was a windy day, there were lots of spurious targets, and the gain was not used the way it can be used to reduce the number of, again, radar tracks on the COP.

Mr. CARNEY. Are the operators in the COP trained on how to use the gain?

Mr. KRONE. They will be. And I think, as Mr. Stana spoke of, is that we went through initial training on system, as it existed in the June time frame. And as we stabilize the system and bring it on for use, there will be some of the aspects that we have incorporated in the system since, frankly, the June and July time frame,

at the request of the Border Patrol agents to enhance the ability of the system to function, which we will have to go back and do additional training on.

Mr. CARNEY. Okay.

Mr. GIDDENS, the Department has said—I think I recall a conversation we had in a previous hearing—that if it is not satisfied with Boeing, you won't hesitate to look for another contractor. Are we satisfied with Boeing?

Mr. GIDDENS. On Project 28, we are not satisfied with Boeing's performance. They are late.

On the Barry M. Goldwater Range, we were very satisfied with Boeing's performance, as they put up, in a very inhospitable area, over 31 miles of pedestrian fence.

Now, the effort that Boeing is doing is they are designing the common operational picture under P28. And the design work that they are doing on the hardware and integration, we are satisfied with that effort.

So we have several contracts ongoing with Boeing. Clearly, with P28, we are not satisfied, we are not happy with their performance. But on the other efforts that they have, we are.

Mr. CARNEY. Okay. On those efforts that you are not satisfied with, you are not happy with, does Boeing still have an advantage if you wanted to go to another contractor, for example, because of all the time on the ground that they have gained? Do they have a lock on this, no matter what?

Mr. GIDDENS. No, sir, they don't have a lock on this, no matter what. But there are several cases that have talked about the value of an incumbency, and I won't sit here and deny that if someone has been working on an effort for 1 year, 2 years, 3 years, that there is an issue of incumbency. But I will also tell you that there are source selections that the incumbent does not win. So, that business, there is no such thing as a lock.

Mr. CARNEY. Okay. How many more months do we wait before this is operational to the point we are satisfied? I mean, how long do we give it?

Mr. GIDDENS. We are anticipating finishing testing in November, and I think that will be a touch point for us all.

Mr. CARNEY. Okay.

Mr. Stana, what do you think about this?

Mr. STANA. Well, there have been a few bumps in the road, obviously, since the project began. If you look at the progress reports, dating all the way to last December, there were red flags popping up. The staff was hurried in its product development, a lot of the cushion left, which is why I think maybe people didn't really understand what state it was in the last time you had your hearing, in June.

I guess, you know, we will find out. Right now, I am sure Boeing has many more dollars than \$20 million invested in this. I guess I take exception to some level with the Department's view that, because it is fixed-priced, they are limited in what they can do. And, at one level, they are. But at another level, if you see that things aren't working well and this is a chokepoint to further deployments of technology along the border, why not jump in and fix it early,

rather than wait until later? Even if it might cost a little more, you have to weigh that cost benefit there.

Another thing, I think you pointed this out earlier with this—and if I may, I am a little confused, too, with the terminology being used. It used to be operational capability, and now it is a test bed. In the contract, it says the Border Patrol was going to be given something which it will use in the future.

Mr. CARNEY. Yes. Yes.

Mr. STANA. And now it sounds like it is a grand experiment of some sort. Maybe I am mischaracterizing it, but I must say I am a bit confused in what it is that we are expected to have delivered in November or January or whenever it is, and what it is, how that dictates the testing that is going to be done. Is the bar higher or lower?

Mr. CARNEY. Right. And as a consequence, what policy do we, as policymakers, create because of it? I think Mr. Souder's dead-on in making that point.

And if I might request one more question?

Mr. Stana, again, from your work, what are you hearing about what the agents in the field think about P28 and the COP?

Mr. STANA. Well, you know, it has been a month since I have been there, and maybe since all these fixes have happened and—well, we will find out if they are fixed. But a month ago, the folks that I spoke to—which is limited and unscientific—were a bit skeptical. I mean, when you bring people through training and then say that we are going to have to retrain you because things have changed so much, it causes skepticism. When you promise to have a screen in a vehicle that is going to be able to pinpoint aliens, and then you find out that you are chasing raindrops, it causes skepticism.

So I think that the agents are really counting on—at least they told me—they are counting on a tool that is going to help them do their job, and it is a tough one. But until that is proven, I think that skepticism is going to remain.

Mr. CARNEY. Mr. Krone, how many of those screens in the car that you can skew the radar with do you have deployed?

Mr. KRONE. We are on contract for 50, but we are a little short of 50. We have 44 installed today.

Mr. CARNEY. And do they all work as well as we saw in the—

Mr. KRONE. Yeah. Oh, yeah. Yeah, they do.

Mr. CARNEY. All right. All right. No further questions. I thank you for your time.

Mr. KRONE. Thank you.

Ms. SANCHEZ. Mr. Souder, would you like another 5 minutes?

Mr. SOUDER. Yes, thank you.

Mr. GIDDENS, why was the choice made to put the physical barriers and a physical fence at the Barry Goldwater Range, rather than electronic?

Mr. GIDDENS. We worked—and when you said “instead of,” we are going to put technology or what has been termed sometimes today the “virtual fence” on the Barry M. Goldwater Range. Our team is to put that technology along every mile of the southwest border, not just places where there is—

Mr. SOUDER. Let me re-ask my question. Why are you putting physical fencing along the Barry Goldwater Range but not at Sasabe? I mean, there is a little bit at Sasabe but in the overall Project 28.

Mr. GIDDENS. See, that was driven largely because of the live firing range and at the Barry M. Goldwater—

Mr. SOUDER. That is what I suspected. What you are saying is a physical fence actually works better. Because it is really critical that these people don't get into that firing range. Therefore, we are going to go physical and electronic because it works better.

Mr. GIDDENS. No, sir, that is not what I am saying. The Barry M. Goldwater Range, in terms of defense and the impacts if someone goes through and the time that the Border Patrol would have to respond and the environment on the Barry M. Goldwater Range and the request permission to go on the range and respond, depending on what they are doing, creates a different environment than you would find outside of the range.

Mr. SOUDER. And you really would have to make sure that they didn't get killed.

Mr. GIDDENS. Yes, sir. I think safety is one of the aspects.

Mr. SOUDER. What most Americans would like to see is a similar commitment along the border and to know what that real cost is. It may be very high. But there is a different risk. And I understand the Border Patrol cars, you know, there are other functions there. But you are going to have to have cars—whether you have a physical fence, electronic fence, Border Patrol is still going to have to get there. A physical fence actually just manages—sure, they are going to go over the fence, sometimes cut a hole in the fence, and various type of things. But you channel and you can get your Border Patrol better grouped than if you just have open electronic. It doesn't really stop anybody unless we combine it with something.

And so, your fallback position, they are moving at a high rate of speed, nothing has been done to slow them down, nothing has been done other than identify that they are coming in. Where you have it blended, you have a different approach. That is what I was raising at the Barry Goldwater Range. "Hey, this is really critical," and the Government is somewhat treating that a little different.

I want to ask Mr. Stana, that it was really interesting in this bidding question, as we go on, because certainly Boeing is going to have an advantage because, given how hard it has been to come up with a system that works, we don't really want to pay for yet another variation of that, and it would be proprietary to some degree.

How exactly does that work, in this case? Will it be proprietary information to Boeing? Is it shared with the Government? Particularly since they put additional costs in, as we expand this, would a normal contracting procedure enable them to recoup some of their costs?

I mean, I deal with this in defense contracting in my district, you know, and often, once you get the lead, you can build back in a certain amount. How are the taxpayers going to sort this through?

Mr. STANA. Yeah. That is a very interesting question because, obviously, they are not making money on Project 28. I don't know the

exact figure, but it is probably much more than \$20 million that they have invested in this.

I think it would be best to ask Mr. Giddens about that. I am not sure what the contract calls for. I believe the infrastructure and the equipment is turned over to the Government because the Government purchased it. But beyond that, I am not sure.

Mr. SOUDER. Well, Mr. Giddens and Mr. Krone, if you could address that question? Because I know proprietary information comes in here, particularly in development.

A second thing is, can you say what you have invested, at this point, what your intention would—who to do this? At the very least, are these going to be repetitive costs, as we go on? Just address some of the cost question of where we are headed.

Mr. Giddens, do you want to start? And then Mr. Krone.

Mr. GIDDENS. Sir, which part of your question did you want me—

Mr. SOUDER. Well, do you have a—this demonstration or first step, first part, however you want to call this Project 28, if this is deemed worthwhile to go ahead, where do we head in costs? Is it higher than the original estimate? If you choose to rebid because you are dissatisfied, what do you own? Where do you see this heading?

Mr. GIDDENS. If we decide to go forward with P28, we will continue to look at that as a prototype, and we could take some of the early parts of the follow-on system and test that in the field.

But regardless of whether P28 works or not, there is additional design work and additional maturing of the system that has to happen. And that is the work that we had planned for even back in 2007 to be done. Regardless of if P28 would have delivered on time and met everything, it is still not our end-state system, and it was not designed to be the end-state system. So we have funds budgeted and plans and contracts under way doing that design work. So I don't see that all the products on P28 would even be applied to that future.

Mr. SOUDER. And if you rebid, would you have the existing information and technology? Or is that proprietary to Boeing, at this point?

Mr. GIDDENS. No, sir. If we rebid this, the products that have been delivered to us would be ours. I don't want to say that there is no proprietary software in this, because some of this are computers that have Microsoft and other software within it, so there would be some proprietary—

Mr. SOUDER. So the key, quite frankly, to the companies and different contracts, if they win, if they were released and turned over to the Government, it could impact them. I mean, That is why I say we deal with this in other areas, but, in this case, we are fairly wedded, it seems to me, at this point, depending on how you have worded things. And the costs could go up extraordinarily, depending on how this develops.

Mr. Krone, I am already over time, but I want to hear your—

Mr. KRONE. Please, I would like to address those issues, as well. Those are all really good questions.

On our contract, the Government has full government purpose rights for all the software and all the intellectual property that we created under the fixed-price task order, under Project 28.

As Greg said, because it is heavily COTS, commercial off-the-shelf, we have bought software from our supply team for the express use for P28, for which the Government would not get unfettered government purpose rights. There is a license agreement that we have, you know, with Unisys, for instance, and they get what we have, right, but they don't get GPR beyond what we have. But for all the value-added content created by Boeing, the Government has full and unfettered government-purpose rights.

Let's see, you asked about the specific cost. And, you know, I would be pleased to maybe, after the hearing, trade specific numbers with you, sir. But I would tell you that we have spent over twice the contract value.

And the money that we have spent is not the cost of the tower, the cost of the radar, the cost of things that will be duplicated as we expand the technology solution across the southern border. We have spent money on integration, on what we would call nonrecurring recurring tasks, software and integration that would be reused as we expand the technological solution.

I would add, relative to your competitive question, that perhaps the competitive advantage that Boeing obtains from working on P28, more than in the intellectual property, more than in the software, is the experience of our engineers and our design teams of actually going through the process of integrating commercial off-the-shelf hardware in this environment in cooperation with the Border Patrol. That, if you will, value, which really is embodied in the minds of the engineers that we have working on the program, that perhaps, sir, is the competitive advantage that we gain from working on P28.

Thank you.

Ms. SANCHEZ. Thank you, Mr. Souder.

I just have a very quick comment to Mr. Giddens.

You mentioned that, "regardless of whether Project 28 works or not." That startles me. Does that mean you are anticipating maybe it doesn't work?

And then, what is the recourse that DHS will take? I mean, will we ask for our \$17 million or \$18 million or whatever we have paid to Boeing and you are going to start over?

You know, because when you say "regardless," I mean, you are not even anticipating—"We have problems, but we are working, we are doing"—regardless of whether it works or not. So you already have, as one of the options, that it may not work, really.

Mr. GIDDENS. I think you are reading more into that than what I meant. My purpose in that was to indicate, based on Mr. Souder's question about P28 and what happens moving forward, that, regardless of whether P28 had worked even on time, we still knew that was a prototype and there was more design work and more integration work to be done.

But, at the same time, I don't want to sit here and say that there is 100 percent certainty that we will get through the testing in November. As I indicated earlier, there are still issues that Boeing is working through in the integration aspect. And we are looking for-

ward to starting the system's verification testing. But this is not a certainty.

Ms. SANCHEZ. I see that the Chairman, the full Chairman is back.

And, Mr. Chairman, I would like to recognize you for 5 minutes.

Mr. THOMPSON. Thank you very much, Madam Chairman. I appreciate your recognizing me.

Mr. Giddens, one of the concerns of the *SBI*net project is the staffing. You testified earlier before this committee on those numbers. Can you reflect on the full-time staffing positions you have within your office now?

Mr. GIDDENS. Yes, sir. We have 255.

Mr. THOMPSON. Government full-time equivalents?

Mr. GIDDENS. Of Government, it is 115.

Mr. THOMPSON. How many contractors?

Mr. GIDDENS. 140.

Mr. THOMPSON. So you have more contractors working in your shop than you have Government employees?

Mr. GIDDENS. Yes, sir.

Mr. THOMPSON. Why is that?

Mr. GIDDENS. One of the reasons for that is we were in a rapid startup in 2007, and we were able to bring in support contractors at a higher rate than we could bring on Government employees.

And, as we have discussed earlier, it is our goal, by early next year, to be at the 50/50 and then have more Government employees than we do support contractors. And that is still our goal.

Mr. THOMPSON. If my recollection serves me, you were supposed to provide us with some information on the cost of the full-time Government employees versus the contract employees. Have we received that information yet?

Mr. GIDDENS. I am not sure, sir. I will go back and check that and get back with the staff.

Mr. THOMPSON. Okay. Well, in case you have not, I will make my request again. Is it your testimony that those contract employees cost the Government more money?

Mr. GIDDENS. I think, on average, support contractors, if you look at it particularly on a per-hour basis, cost more than Government employees.

Mr. THOMPSON. What is your experience in your shop right now? Is it one and a half times, two times? Or would you just care to just provide us with that information?

Mr. GIDDENS. I would rather take that back and give you the hard answer.

Mr. THOMPSON. But is it your belief that it is costing us more?

Mr. GIDDENS. Yes, sir.

Mr. THOMPSON. Is it one contractor or a series of contractors?

Mr. GIDDENS. We have several contractors working in our office from different companies.

Mr. THOMPSON. Okay. Will you provide us the names of those contractors and the contract amount also?

Mr. GIDDENS. Yes.

Mr. THOMPSON. At what point next year do you plan to—you referenced some time next year.

Mr. GIDDENS. Yes, sir. I believe the early part of next year we will be at the 50/50 mark, and then we will nudge above that with the Government people.

Mr. THOMPSON. Okay.

Another issue speaks to the fence. Is your office still negotiating with the land owners, with respect to the fence?

Mr. GIDDENS. Yes, sir. Our office, as well as the Army Corps, as well as the Border Patrol down at the center and station level, are engaged in that.

Mr. THOMPSON. So who has primary responsibility?

Mr. GIDDENS. We have primary responsibility, in my office.

Mr. THOMPSON. Are you aware of some kind of meeting taking place, where land owners would be paid some amount of money for attending a meeting?

Mr. GIDDENS. No, sir.

Mr. THOMPSON. You are not aware of that?

Mr. GIDDENS. No, sir. The land owners are paid to attend a meeting? No, sir.

Mr. THOMPSON. Are you aware of any discussions that went on with the Department, where land owners would be paid to attend the meeting?

Mr. GIDDENS. No, sir.

Mr. CUELLAR. Mr. Chairman?

Mr. THOMPSON. I will yield to the gentleman from south Texas.

Mr. CUELLAR. Mr. Chairman, I think the \$3,000 that you are probably referring to was not to be used to get them to attend the meeting.

But my understanding, Mr. Giddens, is that, at one time, you all were considering to pay \$3,000, I guess as a retainer to allow the entry of access, so you can go in and survey the land. Is that correct?

Mr. GIDDENS. Sir, I appreciate you clearing it up.

And, Chairman Thompson, I didn't catch where that was going.

Mr. CUELLAR. And I didn't want to—at least that is what they were referring to. You might want to ask them.

Mr. GIDDENS. So if I could, then, to put a slight clarification, sir, on what Congressman Cuellar had indicated. We did look, at one time, of having \$3,000, not for the right to enter and survey, but the right to begin construction while we finalized the real estate acquisition and the final price. But it was not to enter for survey, but it was actually a right for construction. But, in the end, we decided not to do that.

Mr. THOMPSON. Okay. So the payment is now off the table?

Mr. GIDDENS. Yes, sir.

Mr. THOMPSON. Okay.

I guess, Mr. Krone, one of my concerns with this contract is that—am I not correct that Boeing actually tendered Project 28 to the Government this summer?

Mr. KRONE. Well, we went through the process called the systems verification test, but we didn't pass the systems verification test. And as such, the Government has not taken over ownership of the project. It is still, if you will, under the guidance of Boeing, and we are still making—

Mr. THOMPSON. I guess my point is, if you had passed the systems verification that you submitted to the Government—

Mr. KRONE. Correct.

Mr. THOMPSON. Which is equivalent to tendering to the Government.

Mr. KRONE. That is correct.

Mr. THOMPSON. But you did not pass.

Mr. KRONE. We did not pass.

Mr. THOMPSON. Do you think the Government was wrong in turning Boeing's tendering down?

Mr. KRONE. No, I do not.

Mr. THOMPSON. So the Government acted responsibly?

Mr. KRONE. Yes, sir.

Mr. THOMPSON. Well, that is interesting. You also testified that, at this point, Project 28 has cost twice the contract value. Now, is it Boeing's intentions to eat the cost differential in this contract?

Mr. KRONE. Yes, sir.

Mr. THOMPSON. Boeing does not plan to submit a change order or any kind of modification for payment, with respect to Project 28?

Mr. KRONE. No. Boeing has no plans to submit a claim or request for adjustment for the work done under P28.

Mr. THOMPSON. Mr. Giddens, is that your understanding also?

Mr. GIDDENS. Sir, I don't think I am in a position to discuss what Boeing's internal plans are. But we have had no indication that they have any intent to do that.

Mr. THOMPSON. Well, I guess, then, is it the Department's intentions not to approve any change orders relative—if submissions did occur?

Mr. GIDDENS. Sir, if Boeing submits any claim associated with its contract, we would have to consider that under its merit. I can't say that, no matter what they submit, we are not going to consider it. I mean, we have to consider it and make a ruling.

Mr. THOMPSON. Well, you have heard testimony where they have said they spent twice the money. And if, in fact—and they might not do it. But if they submit it based on expenditures spent, is it your testimony that you will just look at it, at this point?

Mr. GIDDENS. Sir, I don't believe there is a process that would allow Boeing to make a reasonable claim that on a firm fixed-price contract, if it cost them more, that they would just send us what it cost in addition to the contract value.

Mr. THOMPSON. So the Project 28 is a fixed-price contract?

Mr. GIDDENS. Yes, sir.

Mr. THOMPSON. And whatever the cost beyond that fixed price, it is Boeing's cost. Is that your testimony to the committee?

Mr. GIDDENS. Yes, sir.

Mr. THOMPSON. Thank you.

Mr. CARNEY. [Presiding.] Thank you, Mr. Chair.

The Chair now recognizes Mr. Reichert for 5 minutes.

Mr. REICHERT. Thank you, Mr. Chairman.

I want to get back to a question asked by the Chairwoman a little bit earlier. We have had testimony that the system is operational today. Did I understand that correctly?

Mr. KRONE. Let's see, I don't want to mischaracterize. To say the system is operational I think connotes the end of a process which requires a series of tests.

Mr. REICHERT. It is in use?

Mr. KRONE. It is in partial use. We have gone—well, let's see if I can keep this short. We have been through a series of tests. We are down for a period of stability testing. We will then enter another series of tests.

It has been used on-again/off-again during down time and as part of some of the tests that we have run. But I don't want to characterize that the system has been turned over to the Government and is in operational use today. Okay? And I know that is maybe a fine distinction, but I want to make sure that the record doesn't show that, as of today, it is in, you know, unfettered operational use.

Mr. REICHERT. No, I understand there is further work to be done.

Mr. KRONE. Thank you.

Mr. REICHERT. Chief, what is your opinion of its current operational value?

Chief Gilbert. Sir, currently we aren't using the system at all. The agents are working on training to get familiar with it, but it hasn't been deployed.

The five primary functions that Project 28 was supposed to deliver to the NGOs or the operator have not been met. We are not at a point where we can even test it in the field, because it hasn't been delivered to us.

Mr. REICHERT. What about the 44 vehicles that are outfitted with the equipment?

Chief Gilbert. Currently, sir, we are not utilizing those vehicles. The mobile data terminals, is what we refer them to as, the MDTs, they are not deployed. Our agents are not working in the consuls, at this time. I know there are some other type vehicles out there that are owned by Boeing where this testing is going on. But we are not part of that process, so we are kind of on the sidelines.

We, again, as an end-user and a customer, waiting to have this product delivered to us, so we can test it to see what its operational value is.

Mr. REICHERT. Okay.

Further comment on that?

Mr. KRONE. No. And, again, just for clarity, it is still under the custodianship of Boeing. You know, again, we think the system is stable today. We are going to go into a period of stability testing for a couple days. If we are comfortable with that, then, in cooperation with CBP and the Border Patrol, we will enter the systems verification test. If we succeed with that, then we will turn it over.

Mr. REICHERT. Okay. How many subcontractors is Boeing using on this project?

Mr. KRONE. Eight or nine at the first tier, although, sir, there are other tiers below that. Those subcontractors also have subcontractors.

Mr. REICHERT. Are they performing to the expectation that Boeing has contracted them with?

Mr. KRONE. Let's see. Generally so. I have been in personal contact with CEOs of the top three or four. As we have come across

issues, they have been very responsive. They are there when we need them.

Frankly, if you run out to the Tucson facility, where we are doing the development work, you would see a badgeless environment, where people from all of the Boeing team are working shoulder to shoulder to get this done. I will tell you, I think the industrial team is very, very committed to making this successful.

Mr. REICHERT. We know there was another system, the ISIS system. Have you looked at that system and seen the failures there and incorporated the lack of their success into your planning?

Mr. MCELWEE. Yes, sir. As a matter of fact, one of the companies that acquired—the company that provided the ISIS system, L-3, spent a lot of money correcting the problems they acquired, and they are now part of our team. They joined the team during a proposal phase, and we took all the lessons learned that they provided on what worked and what did not work from the ISIS.

Mr. REICHERT. Thank you, Mr. Chairman. I yield back.

Mr. CARNEY. Thank you, Mr. Reichert.

The Chair now recognizes Mr. Cuellar from Texas.

Mr. CUELLAR. Thank you.

This is to Mr. Krone. To follow up on Chairman Thompson's question, if the cost of the Project 28 is twice what the original price was, how does DHS know what the true cost is?

It is a pilot program. And we said it is going to cost one thing. Now it is double the price. How do we know what the true cost is when it is eventually handed over, hopefully, at one time, to Homeland? How are they going to determine what the price should be?

Mr. KRONE. Well, first of all, we have had relatively, I think, open transparency into the costs and the amount of effort that we are incurring on P28. But what will drive the cost is the number of towers and the number of cameras. The areas where we have had issues, sir, has been in integration software, which would be used primarily in the command and control centers. That software, once it is stable, will be reused, so we won't incur those costs again.

So the large cost driver on a technological solution is going to be the distributed sensors and the distributed infrastructure and the communications backbone. The costs of those components of Project 28, frankly, of the technological solution for *SBI_{net}*, really have not gone up. The money that we have spent has been primarily integration work incurred by Boeing in getting those components of the system to work together.

So, again, I think with the cost visibility that we have today—and I really can't speak for total cost. I can speak for our part of the system, related to land rights. And we don't understand the cost of the Border Patrol agents and, if you will, the tail end of the cost. But relative to the part of the system that Boeing is responsible for, the costs are pretty transparent and pretty clear. And we don't see the costs of the hardware increasing. Again, I think they have a relatively good basis for coming up with an estimate of what the technological system would cost.

Mr. CUELLAR. So what is the cost right now for Project 28?

Mr. KRONE. You want to know what our incurred cost is?

Mr. CUELLAR. Let's start from the beginning. What are you charging DHS?

Mr. KRONE. \$20 million. Actually, sir, to be actually technically correct, we have billed \$16.1 million, which is 75 percent of the \$20 million fixed-price task order.

And it is not clear whether the final price of Project 28 will be \$16.1 million or all the way up to \$20 million. There are some incentive milestones and some contractual issues, which may mean the actual cost to the Government might indeed be less than \$20 million if the contractor decides to withhold some payments because of Boeing's performance. But it will not exceed \$20 million.

Mr. CUELLAR. Okay. So let's say it is \$20 million. And I asked this question—and for the staff, I don't know who was supposed to follow up. I had asked some questions last time I think you were present. I said for \$20 million, you are getting nine portable radar camera towers, you are getting two mobile command control communication units, you are getting four unattended ground sensors, 50 field agent communication systems—I assume they are radios. Is that correct?

Mr. KRONE. That is correct. They are the satellite radios.

Mr. CUELLAR. A common operating picture, which is—

Mr. KRONE. Correct. That is the software that drives the screens in the command and control center.

Mr. CUELLAR. Seventy satellite phones. Correct?

Mr. KRONE. Yeah.

Mr. CUELLAR. Out of the \$20 million, how much is the cost of that equipment that I just listed, percentage-wise, roughly?

Mr. KRONE. Roughly half. We can provide you the precise number, although I would ask you to get that from CBP because they hold the contract. But roughly half.

Mr. CUELLAR. So you are saying for \$10 million, that is the cost of that equipment?

Mr. KRONE. Yeah, the hardware, sir, in our cost, you know, is an independent variable trade, so what we call our cave trades and picking the equipment. Now, the towers and equipment is relatively low-cost. The radars are in the tens of thousands of dollars. The IR cameras are in the tens of thousands of dollars. The large dollars that we have incurred have been on integration. And, I mean, this is not untypical of other large systems integrations efforts that we have had.

Mr. CUELLAR. Okay. Could I ask the staff again, Mr. Chairman, to follow up on the question that I asked last time, unless we have that available? The last time, I asked very specific questions on the cost of the unit for each of the items that I mentioned, and I still haven't—have you all provided that to our committee?

Mr. KRONE. Well, our customer has that data, and we will follow up and make sure that the committee gets a copy of that.

Mr. CUELLAR. Well, DHS could you provide this? This is, for the record, my second request.

And I want to know, out of the \$20 million, I want to know what the unit cost is for each of the items, for each of the items. And then I want to know—or if it adds up to \$10 million, I assume the rest is integration, which is, what, putting it together?

Mr. KRONE. Putting it together, writing software, doing tests, doing user evaluations. Frankly, a lot of that is what we would call

labor. It is engineers working on requirements. It is engineers cutting code.

Sir, could I make one additional point?

Mr. CUELLAR. Yes.

Mr. KRONE. It is, again, just that we would provide, say, on P28, a tower. And it has a price, right, so it has a radar and communications. What Boeing doesn't provide is the land underneath the tower. We don't provide the lease access. We don't provide any support we might get from CBP or from the Border Patrol. We don't provide the agents that you saw in the command and control center.

So we can provide you a cost of hardware. That is not necessarily the total cost to the Government to field the system.

Mr. CUELLAR. I understand that.

And I know my time is up, but I really, really want to get this.

And my second request is, I want to know what the unit cost is for each of the items I mentioned. And I want to know where the other—I assume another \$10 million. And if you can specify, I think he just went over engineering and integration, is how you put it on that. Could you get—since this is my second request—could we get this within 5 working days?

Mr. GIDDENS. Yes, sir. I will take that back and start it immediately.

Mr. CUELLAR. All right. If you could provide it to the committee. Thank you.

Mr. CARNEY. Thank you, Mr. Cuellar.

The Chair now recognize Mr. Souder for 5 minutes.

Mr. SOUDER. Thanks.

And perhaps some of my questions can be followed up with Mr. Cuellar's and packaged, because I am wrestling with this.

Mr. Gilbert, you haven't seen whether the operating system works yet? Is that what your testimony is?

Chief Gilbert. Yes. We have not deployed this in the field. We are not using it in an operational standpoint. It is still in the systems development phase.

Mr. SOUDER. Are you talking to the Border Patrol agents that are part of the process?

Chief Gilbert. Yes, sir. They work for me. What they are doing is they are using their area knowledge and their expertise of our mission to feed that in to Boeing, into SBI, as they are developing the system.

Mr. SOUDER. Are they satisfied? What feedback are you getting from them?

Chief Gilbert. Well, from our operational standpoint, no, sir, we aren't satisfied. But we know, from a systems standpoint, that the feedback I am getting from our agents is there is some progress being made. It has sped up since the agents are now allowed to give input. The contract issues are resolved, so now we are in that process. But we are not into the testing at all.

Mr. SOUDER. And, Mr. Krone, I understood you to say that the common operating system is one of the things that the Federal Government is purchasing. And presumably, in your mind, is this going to be able to then be extended along the border?

Because I am trying to reconcile that with what Mr. Giddens said, is that you have planned that you were going to have to have additional work after you have had the system added over. What does that mean? And is this going to have to be redone again?

Mr. KRONE. Let me see if I can expand on the comments that we have made.

So the acquisition strategy was to deploy Project 28 quickly and get it into the hands of the Border Patrol agents. To do that, we used an off-the-shelf common operating environment, common operating picture, software. And that is what we have had integration problems with, and that is what we have spent the money and the time to fix and, frankly, to enhance and add capability.

We have gotten input from the Border Patrol agents, the auto focus, some of these features that they wanted, which weren't contemplated to be in there. We are actually putting those in at Boeing cost. And that is the task order, what is called a Project 28.

Under the *SBI*net overall IDIQ, there are other task orders. There is what we call the C-cubed, or the command, control and communications, task order, which is to take the COP from P28—again, if you think of it as a demonstration or a prototype and to expand it and to scale it, right, so it can function across the whole southern border. So we are not going to throw code away, right? We are going to reuse it, enhance it, right, and grow it so that it can function across the entire southern border.

And the C-cubed task order—which we are not under contract for yet, but we anticipate that we will be shortly—is to go to enhance the Project 28 common operating picture and make it useable for the larger deployed system.

Mr. SOUDER. I somewhat understood what you were saying, but—

Mr. KRONE. Sorry.

Mr. SOUDER. —it worries me, because this is significantly different. It comes back to questions asked early on in this hearing, as to whether this was a functional example or was a prototype that has a lot of work in front of it, that, quite frankly, don't even know if it is going to be accepted, may require a lot of rework to move, and is a different concept than I think that we were aware of.

Mr. KRONE. Sir, if I could elaborate. And, you know, I understand, given your district, you have a lot of experience in the Department of Defense, and frankly, you know, that is my background as well.

I would liken P28 to a Block 1.0 system. And we intend, over the life of this program, to go to a Block 1.5, a Block 2.0, and to continue to upgrade the common operating environment and, frankly, other aspects of the technological solution for *SBI*net over time.

And where there is a better radar, where there is a better filter that we can put into the system, we will run that through our configuration change board, and we will get a design release, and we will incorporate that into what might be an annual upgrade to the common operating environment.

And so, just as, like, on the F-22 program, you used a prototype, right, to gain lessons learned that you immediately incorporated into the production program, really the way we have structured the

SBI*net* program is really a preplanned product improvement approach with a block upgrade strategy.

And, again, I am sorry for going that far off into the defense acronyms. But I think you might recognize that kind of approach from some of the programs we have had in DOD.

Mr. SOUDER. Thank you. I appreciate that approach, and it is what we use a lot. However, the American people were looking toward at least having a small portion of the border sealed. And it sounds like this is going to be a lot longer process than most of us ever dreamed.

I yield back.

Mr. CARNEY. I thank you.

The Chair recognizes the Chairman of the committee, Mr. Thompson, for 5 minutes.

Mr. THOMPSON. Thank you very much.

Mr. Krone, you talked about the different blocks, 1.0, 1.5. But at this point, 1.0 is not working, am I correct?

Mr. KRONE. Again, to be completely accurate, at this point in time, 1.0 is actually today—and we stasured this morning before we came into the hearing—there are no deficiencies against the 1.0 today, sir.

And I don't want to say that, as we enter stability testing, you know, again, some issues might come up. But we are very pleased with where we are right now. Now, it has not been deployed; it has not been turned over to the Border Patrol. But I wouldn't characterize it as not working.

Mr. THOMPSON. What would you characterize it as?

Mr. KRONE. Actually, I would characterize that we have worked off all our deficiency reports. We have put in what we believe is the final patch on some camera memory software. And we are going to enter a period of stability testing. If we succeed through the stability testing, then we will be ready to turn it over for what is called systems verification testing.

So I would tell you it is in the very late stages of development and, within a short period of time, ready for customer testing.

Mr. THOMPSON. I guess for some of us on the committee, it is hard to believe that we are still testing, when a product was submitted to the Department as a finished product and it was refused. And if you could just explain that to the committee, I think it would be very, very helpful.

Mr. KRONE. Well, I will do the best job I can, sir.

So we came out of, if you will, that last systems verification test with comments and, frankly, test matrixes from the Border Patrol. In there, they connoted a series of deficiencies in the system. We then took those deficiencies and ran them through our engineering process so that we could alter and enhance the system to address the deficiencies identified by the Border Patrol. That is what has taken an additional 12 weeks, is to go address those areas where the Border Patrol thought the system was lacking. All right?

We have implemented those changes into a variety of the components of the system, some in the radar, some in the camera system, occurred a lot in the common operating picture software. And we are now, once again, to the point where the system has entered

customer test. As I said, we have completed the certification and accreditation scans.

And we, you know, again, installed the last patches, we believe, today. The system was stable, frankly, as we walked into the hearing. We suspect it will remain stable. If it does, then we will be in a position—all right, we will do some testing, they will do some stability testing, and then we will be able to enter system verification testing again.

Mr. THOMPSON. Well, part of my statement said we have been here before, and your statement kind of reaffirms that we are here for the second time. Can you give the committee a reasonable expectation of a date certain, at this point?

Mr. KRONE. And if I could, sir, I would like to repeat what I said in the member briefing on the 25th of September. And, at that time, we felt we would begin customer testing in the month of October, sir, which we have done.

And we thought that we would see customer acceptance in the month of November. And, sir, as I recall, I was asked whether I could absolutely, positively say that the system would be accepted by the customer in the month of November. And my response, at that time, was—and I am an engineer, so please bear with me—a 90 percent probability that we will succeed in customer acceptance in the month of November.

We have met our testing goal in the month of October, and I still think we have a 90percent probability that we will have a Project 28 system accepted by the customer and turned over for use in the month of November.

Mr. THOMPSON. Thank you, Mr. Chairman.

Mr. CARNEY. Thank you, Mr. Thompson.

The Chair now recognizes Mr. Green for 5 minutes.

Mr. GREEN. Thank you, Mr. Subcommittee Chair.

And I thank the full committee Chair.

And the full committee Chair has really preempted any questions that I have, so I will quickly move through this. But I appreciate the means by which he was able to extract the information, because I was going to take another approach, and I think his approach was a much better approach.

So thank you, Mr. Chairman.

Let me just ask about the \$3,000 that we are offering to persons to negotiate. Where are we with that project? If you would, please, someone.

Mr. GIDDENS. Sir, we discussed that briefly earlier. That \$3,000 was one of the options that we looked at, not for the right of entry, but something that we looked at for right of construction when we go through the process before we finalize the actual cost and execute the real estate transaction. When those options were looked at, we decided not to pursue that as an option. So that is no longer in our plans.

Mr. GREEN. No longer an option, and no money was expended in the project?

Mr. GIDDENS. No, sir.

Mr. GREEN. What will happen—and I think this is a question many persons are interested in hearing the answer to. What will

happen when negotiation is not as fruitful as you would want it to be?

Mr. GIDDENS. What happens in that case is we come back and we look at where is that parcel—because this has to be done at the parcel level. And there are places where a two-mile stretch of fence that we have proposed to locate may have 20 or 30 owners. So at each parcel, you have to make that determination.

We would come back, bring that information back to Customs and Border Protection leadership and work with Border Patrol to get their insight on the criticality of that fence. So you could have a two-mile segment that, for a quarter of a mile or an eighth of a mile in the middle of it, the land owner said, “I don’t want to sell.” And if you build around that, then you are going to have wings with an eighth of the mile in the middle without a fence, that will then become a funnel potentially for aliens to come through.

So we are not looking to make any of those decisions before their time. The Secretary has indicated that this is a national issue. And while he reserves the right in terms of condemnation, that is not, clearly, our first step. The Border Patrol’s analysis on the criticality is one of the big factors that has to come into play.

Mr. GREEN. Is there a process in place, such that we the Members of Congress would be aware of how you are proceeding once you get to that point in the implementation phase?

Mr. GIDDENS. Yes. We would be happy to come and, for members of the subcommittee, to keep them apprised of progress, going through, much like we did I think 2 or 3 weeks ago when we reached out to all the border States and Members and indicated where we were in the process. And we would look to continue that transparency.

Mr. GREEN. I ask because it is sometimes difficult to read about these things in the newspaper and have an intelligent response to constituents who will want to know what is really going on. It is helpful to hear about them before they hit the newspaper, if at all possible. Sometimes I question how things get to the news media before they can get to me. But I think it is important for us to at least have some knowledge of what is happening.

Mr. GIDDENS. Yes, sir. I will share that. But I would also like to indicate that, frankly, there are things that come out in the paper that surprise us, that are not even what we are doing. So I would ask your indulgence that, as we work to keep you apprised, that if you read something, it may not necessarily mean that it is true.

Mr. GREEN. Yes, sir. I do understand that. I have read a few things about myself that I have had issue with.

Mr. GIDDENS. Sir, but I don’t want to downplay your comment though, to keep the information transparent, and we will do that.

Mr. GREEN. All right.

The final comment will come back to where I initially entered this. And the Chairman was absolutely on target, and I commend him and thank him for the way he handled it.

But I do want to ask you about your 90 percent assurance. My belief is that with this 90 percent assurance in the month of December, we should have a report, at some point, from what happened in November, so that we will know that the 90 percent as-

surance was, in fact, something that was effective in November. Will we get that in December?

What I am saying is, you will now turn the system over in November. At some point, we will get a report about what happened when you made that turnover. Would that come in December?

Mr. GIDDENS. Sir, if you don't mind, I might be most appropriate to take that, because that report would come from us, once Boeing turns that system over to us. And the Border Patrol will start to use it in an operational sense. And then we will learn from that, as we continue to mature the next version of P28. And we would be happy to provide a report to that in December. And I would suggest that there may be touch points after December as well.

Mr. GREEN. Well, the reason that that is important is, obviously, because either we get a report or we have a hearing. Usually, that is one of the two ways that I am aware of that we will get the information. And it does not end with turning it over. There is something that is an analysis of the benefits of having the system in place and, maybe, some of the things that are not quite so beneficial that have taken place that we should be aware of.

Mr. GIDDENS. Absolutely, sir. That is one of the things that we are so anxious for, is to try to get that in the operators' hands to start learning some of those lessons. Because we realize, as a prototype system, it is not going to completely meet their needs. That is why we had budgeted for money to mature this system through 2008.

So you are absolutely right. Those things will be critical for us. Those will be nuggets that we need to learn to improve the system.

Mr. GREEN. In December, we can look for those nuggets?

Mr. GIDDENS. Yes, sir.

Mr. GREEN. Okay. Thank you very much.

Mr. GIDDENS. It will not end in December. We will continue to learn beyond December.

Mr. GREEN. Yes, sir.

I yield back. Thank you, Mr. Chairman. You have been more than generous.

Mr. CARNEY. Thank you, Mr. Green.

Mr. Giddens and Chief Gilbert, how long does it take to certify the system is working from an operational perspective?

Chief Gilbert. We have never tested a system like this, sir, so I do not have an answer. But we have been working in, you know, the border arena for decades now, and we are hoping that, once we see it, we will know it. I do not have a time frame that I can put on that.

It was marketed to the Border Patrol—I should say it was briefed to the Border Patrol as a proof of concept, you know, with five primary functions. And that is what we are going to hold everybody to, and that is what we, as the end user, are going to look for. It has to meet our requirements of detection, of identification, classification, of response and resolution, and it has to work as a system. If it works as individual parts, then, for us, as an operator, it fails. It is nothing more than a high-priced camera system.

All of those five components have to be met for us to call that operation successful.

Mr. CARNEY. And it has to work for how many months consecutively, or weeks consecutively?

Chief Gilbert. I do not have an answer, sir. As I said, we have not been down this road before.

Mr. CARNEY. Okay. That does not instill a lot of confidence, frankly. If you have not gone down this road before, how are we going to know if we are getting the system we want?

You know, we are going to have to work through this; I get it. But, you know, we have a system that has not worked yet. It was rejected by the Government at least once. We are hoping it works now, and if it does work, we are not sure what "working" means.

Mr. GIDDENS. Sir, can I add one minor clarification?

We talked about getting a system that works like we want it. When we talked about—the Chief just used the term "proof of concept." I mean, we know there will be things on P28 that do not meet the operators' needs. That is when we had planned to do spirals after this.

And what we are anxious to do is to focus in on those nuggets to know exactly where we have to hone and expand this to build for the future. But it has to provide some, at least, minimally operational capability so they can use it enough to gain insights from it.

Mr. CARNEY. Okay. Well, let me assure everyone that this full committee and, certainly, our subcommittees are very interested in the progress of P28.

All right. I thank the witnesses for their testimony and the members for their questions.

Members may have additional questions, and we will ask you to respond expeditiously in writing.

Hearing no further business, this subcommittee stands adjourned.

[Whereupon, at 4:49 p.m., the subcommittee was adjourned.]

Appendix I: Prepared Opening Statement

PREPARED OPENING STATEMENT OF THE HONORABLE SHEILA JACKSON LEE, A
REPRESENTATIVE IN CONGRESS FROM THE STATE OF TEXAS

Chairwoman Sanchez, thank you for convening this hearing, and I would like to thank our distinguished panelists.

A critical component of the strategy to control U.S. borders is the Department of Homeland Security's plan to launch a comprehensive program to transform border control technology and infrastructure. The goal of *SBI*net is to field the most effective mix of current and next generation technology, infrastructure, and staffing and response platforms. *SBI*net will integrate multiple state-of-the-art systems and traditional security infrastructure into a single comprehensive border security suite for the department. The *SBI*net acquisition will provide an integrated solution that will support the interdiction of illegal immigration and internal and external threats operating in or moving through the international borders with Canada and Mexico.

This program will reduce our nation's vulnerability to terrorism and protect national interest while enhancing DHS' border security and control missions. This program will also support DHS' strategic, operational and tactical decision makers. This program will provide information to DHS that affords them a common operational picture and an accurate assessment of the operational environment. Finally this program will provide members of the border enforcement community with the information necessary to support homeland security strategies and plans for unity of effort.

The elements of *SBI*net include the ability to detect an entry when it occurs; identify what the entry is; classify the entrants level of threat (i.e.—who the entrant is, what the entrant is doing, how many, etc.); respond effectively and efficiently to the entry, and bring the situation to the appropriate law enforcement resolution.

The scope of the *SBI*net program includes 6,000 miles of the border, and provides DHS and Customs and Border Patrol (CBP) with the optimum mix of personnel, technology, infrastructure, and response platforms to detect, identify, classify, and respond to illegal breaches of the international borders with Canada and Mexico and thereby bring the situations to the appropriate law enforcement resolution.

The purpose of the hearing is to provide members with an opportunity to hear from and ask questions of the Department and its lead contractor regarding the *SBI*net program, with a particular focus on the Project 28 portion of *SBI*net, which is scheduled to be completed on June 13.

The time and expense of recruiting, hiring and training additional Border Patrol Agents has made technology an attractive option as a means to address staffing shortages and enable round-the-clock coverage. The original impetus to secure such a tactical technological advantage began in 1995 with the initial development of the Integrated Surveillance Intelligence System (ISIS). ISIS was a network of three separate legacy components: (1) cameras; (2) in-ground sensors, and (3) the Intelligent Computer-Aided Detection system (ICAD). ISIS, however, was hampered by technological failures and, according to the General Services Administration, ineffective management. After 10 years and an expense of \$239 million, DHS ended the programs.

In 2003, the Department began developing the American Shield Initiative (ASI) with the goal of maintaining and modernizing ISIS while expanding the technological capabilities of the program. Like ISIS, ASI was intended to be a technology-based program with in-ground sensors, cameras and manned control centers. Congress appropriated \$51 million for ASI in FY2006, but the Department abandoned the program in 2005 without issuing any documents seeking contractors to implement the ASI program. At the time that ASI was abandoned, the Department had spent \$439 million and covered only four percent of the border.

In the wake of the failures of ISIS and ASI, the Department announced the Secure Border Initiative on November 2, 2005. SBI is a multi-year plan aimed at se-

curing America's borders and reducing illegal migration. The major components of SBI are: (1) adding more agents to patrol the borders, securing the ports of entry, and enforcing immigration laws; (2) ending "catch and release" of other-than-Mexicans through expedited removal and additional detention space; (3) implementing new border security technology; (4) constructing additional border infrastructure, including fencing; and (5) increasing enforcement of immigration laws in the interior of the U.S.

SBI includes a technology and infrastructure component called *SBI_{net}*, which is intended to create a virtual fence along the nation's borders using cameras, sensors, and other equipment. According to the Department, the goal of *SBI_{net}* is to "field the most effective mix of current and next-generation technology, infrastructure, staffing, and response platforms and will integrate multiple state of the art system and traditional security infrastructure into a single comprehensive border security system. Once operational, *SBI_{net}* will provide "real-time" situational awareness to Border Patrol officers.

Madame Chairwoman, despite the great promise of the program and assurances from DHS that the program will be a substantial guarantee to secure our borders, I regret that it seemed to be plagued by a number of problems.

It appears that Project 28 intended to provide surveillance system that would monitor 28 miles of the border which was scheduled to become operational in 2007 is continuing to miss its testing deadlines. This poses a question about whether DHS has imposed a date for the project to be completed.

On the technical side of Project 28, the radar system fails to differentiate between people and animals or trees thus signaling "false positives" and failing to detect illegal entries—the primary purpose of the program.

DHS also seems to be conducting effective oversight of the program especially in the light of similar projects that have failed in the past. This raise questions about the ability of DHS to do so in this critical area.

Another challenge seems to be the fact the Border Patrol, the primary guardian of our borders, has not been properly engaged in the project. It is critical that Border Patrol be fully engaged so that their valuable input is part of the comprehensive solution.

Madame Chairwoman , I would like to stress that lack of coordination with other federal agencies which has plagued DHS' mission since its conception seem to be the case with this critical project, too. I understand that the project has not been poorly coordinating with state, local and tribal entities in addition to agencies such as the "Fish and Wildlife Service". Our nation's border security can not be achieved without the close collaboration of stake-holders such as the ones mentioned above.

Madame Chairwoman, coming from the border state of Texas, I am very concerned that DHS has not taken into account the concern and interests of local communities , as well as environmental groups such as the "Sierra Club". Some of the most spectacular nature and landscapes in our country reach with unique flora and fauna is along the Rio Grande River—natural border with Mexico. DHS should work closely with stakeholders in Texas to ensure that the unique natural environment is not irreparably damaged because of the fencing and also improve collaboration with local authorities in Texas regarding building of the fence.

Madame Chairwoman,

The SBI initiative has vast contracting component and great deal of American Taxpayers money spent on the project. DHS historically had difficulty ensuring equitable terms in contacting and elimination of fraud and waste. As part the DHS oversight of the project, I would like to stress that DHS should make sure that small, minority and women-owned businesses business are not put at a disadvantage during the contracting and sub-contracting process. I am very proud that my district, Harris County and Houston ranks 6th and Texas ranked 5th in the country for the largest number of African-American owned firms, following New York, California, Florida, and Georgia. Minority and women-owned businesses across the country will appreciate the effort to preserve their opportunity to compete for these contracts. I encourage my colleagues to remember that there are a great many barriers to minority and women business professionals, and provisions such as these preserve equal access and open opportunities.

Madame Chair, from the experience related to *SBI_{net}* so far and the surveillance part of the program, Project 28, it appears that it will not be the comprehensive solution that it was initially presented fro by DHS. With previous similar efforts failed in the past, we can't simply afford failing again and DHS should be hold fully accountable by Congress for the outcome of this critical border security program.

Chairwoman Sanchez, I thank you again for convening this important hearing eagerly look forward to hearing from our witnesses today.

I yield back the remainder of my time.

APPENDIX II: Additional Questions and Responses

QUESTIONS SUBMITTED BY THE HONORABLE BENNIE G. THOMPSON, CHAIRMAN,
COMMITTEE ON HOMELAND SECURITY

RESPONSES FROM GREGORY GIDDENS

Question 1.: Project 28 towers are located in remote locations over a relatively large area in Arizona. **How are they being secured currently, and how will they be secured if and when the Department accepts Project 28? What is the cost of employing the contractors that currently guard the towers? Are Border Patrol Agents currently being taken from the field to secure the towers? Will they be if and when the Department accepts Project 28?**

Response: Boeing has contracted with Pinkerton Security to protect the assets at Boeing's expense until the system is accepted. We are not able to speak to the terms of Boeing's contract with Pinkerton Security as this is an expense that Boeing is responsible for and will not be included within the P-28 contract. There have not been any Border Patrol Agents assigned to protect the towers, and there are no plans for agents to secure the towers at anytime.

After acceptance, a Tower Self Protection system will include:

- Perimeter Fence provides a visual and physical deterrent to individuals approaching the tower.
- Loud Hailer (2 loud speakers) which enables the operator to verbally warn off potential intruders via a public address (PA) system and Voice over Internet Protocol (VoIP) technology.
- Anti-Climb Provisions protect the tower-mounted components, if other deterrents are breached. Anti-Climb Provisions include fence surrounding the tower perimeter as well as a casing that will encompass the foundation of the tower that would deter climbing.
- Unattended Ground Sensors

Question 2.: In your testimony, you describe a Change Control Board that has been established by Boeing to prevent further schedule slippages. **What is the involvement of the Department in the Change Control Board? Has the Department's involvement in the development of Project 28 increased with the establishment of the Change Control Board?**

Response: A Change Control Board (CCB) ensures that the system configuration is known to DHS, and that changes and patches are planned and understood by DHS before implementation. This has allowed DHS to become more involved in the planning and design of P28. That said, DHS is a "nonvoting" member on the Change Control Board, and functions on the board to:

- provide technical feedback/concurrence on changes requiring assessment;
- Represent the interests of CBP; and
- Ensure board decisions are communicated to SBInet senior leadership.

Overall, DHS's experience has been positive with the CCB. The board has helped in improving coordination and integration of Boeing and supplier/partner changes; recognizing and communicating potential impacts to DHS; and providing tracking, reporting, and communication of integrated change requests and software problem reports/anomalies.

Question 3.: According to Boeing, Project 28 has cost the company much more than the Indefinite-Delivery-Indefinite Quantity contracted price of \$20 million. **Can we expect the common operating picture in other task orders to cost the government comparably more than the estimated price for Project 28?**

Response: The Project 28 contract is not an Indefinite-Delivery-Indefinite Quantity (IDIQ) contract; it is a firm fixed price task order awarded under the SBInet master contract. Project 28 was developed by Boeing as part of its proposal submitted in response to the initial Request for Proposal (RFP) for SBInet. We do ex-

pect that future task orders will cost more than \$20 million due to the software and development required to meet the Common Operating Picture (COP) requirements.

Question 4: If and when Project 28 becomes fully operational, what percentage of illegal crossings do you anticipate the system being able to capture?

Response: P-28 is a prototype system that will deploy technology to assist with apprehensions. The Border Patrol will still have the mission of bringing illegal crossings to a successful law enforcement resolution. DHS and CBP are looking for the P-28 system to provide the capability to measure the effectiveness of the technology deployed as well as help transform how the Border Patrol conducts operations along the Nation's borders.

Question 5: What affect are the delays with Project 28 having on other projects such as Texas Mobile and Project 37?

Response: P-28 delays have had an impact on our technology deployment schedule for the Barry M. Goldwater Range (BMGR) and Texas Mobile projects. CBP anticipates that these projects will be deployed later in 2008 than originally planned, by approximately 6 months. Lessons learned, P-28 has had a technical impact on the Tucson and Yuma sector deployments.

Question 6: In your testimony before the Committee, you stated that the Secure Border Initiative office has 255 employees, with 115 of them being government employees and 140 being contract employees. **Please provide a cost comparison per government employee versus contract employee. Also, please provide the name of the contractors providing employees and the value of each contract.**

Response: Within the Secure Border Initiative (SBI) office, government employees and contractors are working in different roles, are at varying levels within the organization, and bring different specific experience and expertise to the program. Therefore, it is impossible to directly compare the costs of a government employee versus a contractor. Over 2/3 of SBI's government employees are at the GS-14 or GS-15 levels. The CBP position model costs for these grade level positions are approximately \$165,000 and \$186,000, respectively. The costs for a contractor average approximately \$280,000 (including benefits, overhead, and fee). ***Government personnel and contractor personnel have distinct roles; contractors cannot perform inherently governmental functions but support the program in a range of areas.*** Contractors bring to the SBI program specific expertise in areas such as systems engineering, project management, tactical infrastructure, technology, and process management. Following are the names of the contractors supporting the SBI office and the value of each contract:

- Booz Allen Hamilton (BAH)—\$1,950,000
- CapGemini—\$455,155
- Mitre—\$2,850,000
- Organization Strategies, Inc. (OSI)—\$3,794,966
- Robbins-Gioia—\$21,122,009
- General Dynamics/Signal Solutions—\$591,674

Question 7: At a hearing the Management Subcommittee held in the 109th Congress, the Inspector General for the Department of Homeland Security testified that estimates of the cost for deploying SBInet on the southwest and northern borders ranged from \$8 billion to as high as \$30 billion.

When do you expect SBInet to work and how much will the total program cost?

Do you have any preliminary estimates on the cost of operations and maintenance for SBInet once it is working and installed?

Response: DHS is incrementally developing and delivering SBInet border security solutions. By the end of 2008, we project completion of 370 miles of pedestrian fence, over 200 miles of vehicle fence, and communications, cameras, and radar towers across the Southwest Border. In addition, SBInet technology and Communications, Command and Control Intelligence (C3I) systems will be deployed to the Tucson and Yuma sectors.

Our FY 2008 President's Budget request identifies approximately \$793 million for the design, development, testing, deployment, program management, and operations and maintenance for the above deployment priorities. Of this amount, DHS requested \$78 million to provide operations and maintenance of this initial capability. These activities would include, but not be limited to—

- Maintenance and logistics support, to include materiel and supply support (e.g., equipment spares), sustaining engineering, recurring/periodic maintenance services, program consumables, and training;

- Property management services;
- Ongoing support for legacy Border Patrol systems already fielded;
- Fees for leased land-lines and satellite communications; and,
- Government field offices, warehousing, and support facilities.

As we continue expanding the SBInet deployment, we project Operations and Maintenance cost requirements will remain at approximately 10—15% of the total program investment.

Question 8: Under the terms of the existing contract for Project 28, the Committee has been advised that DHS has not paid the entire amount of \$20 million and Boeing currently is absorbing the daily costs to fix the problems.

How much has DHS paid to date for Project 28?

Is Boeing absorbing the daily costs? If so, approximately how much is Boeing spending per day?

At what point do you say “it’s time to fish or cut bait,” and go in a new direction?

What components, if any, do you plan to use from Project 28 along other parts of the border?

When do you intend to begin testing and ultimately deploying SBInet on the northern border?

Response: DHS awarded a \$20 million Firm Fixed Price Task Order (subsequently modified to \$20.665 million for the addition of a command center COP) for the P-28 system. Of this amount, and as of November 30, 2007, the government has paid \$14.2 million. The balance of funds is available to Boeing pending completion of successful system verification testing and the government’s acceptance of the system. Because this is a firm fixed price task order, and Boeing fell short of a successful initial delivery, Boeing is now fully subsidizing all of the corrective actions, follow-on tests, and some equipment replacement. We are not aware of the additional costs above the target \$20.665 million price Boeing has incurred to-date.

Notwithstanding the shortcomings of the initial P-28 demonstration, we are satisfied with Boeing’s progress fixing the system. Boeing’s latest testing demonstrated fully functioning sensors, communications, and command and control tools. Pending the results of system verification testing, we anticipate maintaining an operational system, conducting additional operational testing with Border Patrol Agents, and using the P-28 configuration for future CONOPs development and examining alternative surveillance and detection equipment and software.

Consistent with congressional direction, we have set aside \$20 million to design and conduct a technology demonstration in the Great Lakes maritime environment that will tightly integrate aviation assets (a key component of our Northern Border strategy). We are currently reviewing proposals within CBP with respect to specific locations and technology configurations.

Question 9: In the 109th Congress, the Management Subcommittee held three hearings on the existing camera and sensor system, called ISIS. Our review found a lack of program oversight, cameras that did not work, camera poles lying on the desert floor, and millions of dollars wasted.

What steps are you taking to ensure the problems of ISIS are not repeated in SBInet?

What safeguards are in place to ensure sound management and financial accountability of SBInet?

Response: CBP’s general approach to SBInet implementation is carefully tailored to ensure sound management and financial accountability. Because the scope of the program is so large, SBInet has adopted an incremental approach to successfully plan, design, integrate and deploy the SBInet solution across our Nation’s borders. This approach enables CBP to:

- Manage uncertainty
- Match appropriate resources with approved requirements
- Verify the performance of designs to be deployed
- Manage construction and deployment processes and schedules

For example, the SBInet solution will be developed on two tracks:

- System-Level Toolbox Design (cameras, radars, sensors, communications, etc.)
- Project Laydown designs and deployments

This two-track approach allows CBP to consider System-Level Toolbox technologies that are applicable to multiple geographic areas while also addressing unique challenges within each geographic area. In selecting System-Level Toolbox technologies, SBInet and the prime contractor take a long-term view of their performance, production lead times, life cycle cost, supportability and other factors relevant to sound investment decision-making. All technologies will be tested at the component, subassembly, and system level before being accepted into the Toolbox.

The Project Laydown design and deployment process applies these proven technologies to the threats and challenges of specific border locations. Since Project Laydowns are based on previously integrated and tested technologies, cost and schedule risk related to immature technology is reduced. *SBI*net will not deploy technology until its effectiveness can be proven.

Additionally, the program office employs sound financial management practices to establish and maintain accountability across both the government and contractor organizations. First, we have adopted an “alpha” contracting process that includes both the government and contractor developing a joint basis of estimate for contracting actions. This “alpha” process significantly improves transparency and synchronization of work products and estimated resources (funding) prior to contract award(s). Similarly, the program office implements earned value management to ensure we have valid, executable work plans (and product deliveries) on contract, that resources are appropriately allocated to all tasks, and recurring reporting to highlight not only expenditure rates but also program cost efficiency. Each month the government and contractor senior staffs review progress and issues, and effect corrective actions as needed.

CBP is well aware of the problems the General Services Administration faced in constructing the ISIS system and we are determined to make sure the government has learned from those mistakes.

Question 10.: During our hearing on June 16, 2005, a representative of L-3 Communications Government Services, Inc.—the company that acquired International Microwave Corporation (IMC) and took over the ISIS project—testified that the cost of installing a fixed, 60-foot camera pole and a camera at just one site was approximately \$300,000. **Do you know the current cost to install a fixed camera pole and camera under *SBI*net?** Could you please provide for the record a detailed break-out of costs for the cameras, radars, ground sensors, fixed poles, and mobile camera towers used in *SBI*net?

Response: The *SBI*net program has concluded selection of sensor equipment and tower designs that will support our near-term *SBI*net deployment to Arizona. These estimated unit costs, which vary by vendor and specification, are as follows:

- Unattended Ground Sensors (UGS)
 - Base Station, approx \$15,000
 - Repeater, approx \$16,500
 - Sensor unit, approx \$5,600—\$6,700
- Ground Radar, short range, approx \$89,000—\$128,000
- Ground Radar, long range, approx \$128,000—\$174,000
- EO/IR Camera, short range, approx \$89,000—\$102,000
- EO/IR Camera, medium range, approx \$98,000—\$115,000
- EO/IR Camera, long range, approx \$98,000—\$188,000* 80-foot *SBI*net Standard Tower, approx \$21,000

For planning purposes, we estimate the total procurement and assembly cost of an *SBI*net surveillance and detection tower (with our baseline of the 80-foot radar, EO/IR, communications tower) at approximately \$750,000, which also includes power generation and distribution systems, additional network communications equipment, self-protection/ security systems, and foundations. The total procurement and installation cost would increase to approximately \$4 million when factoring in land acquisition/leasing, environmental surveys and permitting, pre-construction surveys and permitting, construction access roads to remote sites, integration and checkout, testing associated consumables (e.g., transportation fuel), and apportioned systems engineering and program management costs.

Question 11.: Recent news reports indicated that DHS is now using steel from China to build the fence along the southwest border. One report noted that pipes marked “China” were holding the fence in place in the area around San Luis, Arizona. The report also indicated that DHS waived the Buy American requirements to purchase Chinese pipe and tubes.

Why are you using steel from China to build the border fence? From where are you purchasing the Chinese steel?

Have you demonstrated that a sufficient amount of steel cannot be purchased from domestic sources? If so, how did you select Chinese steel, rather than pipe and tubes from another country?

How long do you intend to use Chinese steel in constructing the border fence?

Mr. Giddens, is the news article correct that DHS waived the Buy American requirements?

Response: Supporting our nation’s domestic industries and fiscal responsibility are important values. The Department of Homeland Security (DHS) supports both

of these principles in its contracts, including those supporting the efforts of our Secure Border Initiative. U.S. Customs and Border Protection (CBP) and the U.S. Army Corp of Engineers utilized a number of new and preexisting supply and construction contracts, and blanket purchase agreements to accomplish Project Fence 70 (PF 70) this past fall. The contracts utilized included a mix of small and large U.S. businesses. No foreign companies were awarded prime contracts for this work.

Our SBI construction and supply contracts fully comply with the requirements of the Buy American Act (the Act), and requirements for complying with the Act were not waived. The Act requires Federal agencies to grant a preference to American-made goods and materials when acquiring materials for public use or awarding contracts for public works. The provisions of the Act are further refined by Executive Order 10582 which establishes the threshold level for treating an item of mixed origins as domestic. Where the cost of the qualifying domestic components in an item, such as fencing, constitutes more than 50% of the cost of all components used, the item satisfies the requirements of the Act. Further, our contractors are required to test and certify fence components to internationally recognized American Society for Testing and Materials (ASTM) standards to ensure quality and durability.

A small number of foreign component suppliers were utilized by our prime contractors. For the fence project in San Luis, Arizona, where foreign components were included in the fence, 90% of the fence was solely American produced, and 10% of the fence included a mix of both domestic and foreign components. The portion of fence that included a mix of components fully complied with the Buy American Act, including approximately 57% domestically made components. More importantly, although some foreign components were used in this portion of the project, the fence was manufactured by a small U.S. owned company.

We have requested the small business contractor who utilized Chinese components in the fence supplied to CBP to provide further information about their subcontracting and supplier source selection process. We have asked that they provide their reasoning for using Chinese components, and estimated savings information as well. We expect to have this detailed information by early February.

Question 12.: One effective way to increase border security is to use private contractors to free up trained Border Patrol Agents so they can be deployed along the borders.

Under your plans for SBInet, to what extent are you using contract personnel as a force multiplier to support the Border Patrol?

Response: The SBI Transportation Program, a related program management office with SBI, has awarded a detainee transportation contract that reduces the amount of time agents and officers dedicate to the movement of detainees held in CBP custody. This contract has been a force multiplier to enable frontline agents and officers to resume enforcement duties by providing guard service and detainee transportation to Border Patrol Stations, ICE Detention Centers and to ports of entry for voluntary return. The contractor maintains and operates a fleet of buses and vans outfitted with appropriate security and communications systems. Contract staff is certified as security officers and hold commercial driver licenses.

The SBI Transportation Program is planning to expand contract services to provide medical guard services and custodial support that would further free up CBP agents and officers. Currently, when illegal aliens held in CBP custody become ill or injured, frontline agents and officers are required to provide 7 X 24 guard services at medical facilities. The SBI Transportation Program is also exploring opportunities to provide custodial support such as detainee feeding and property management at CBP processing centers.

Below is a list of current assets used by Wackenhut in support of CBP operations, successes in fiscal year 2007, and projections for 2008.

- Contract renewed September 13, 2007
 - 119 buses. . .added since base year.
 - 28 vans. . .16 added since base year.
 - 387 transportation security officers. . .added since base year
- In FY07 over 580,000 detainees transported and over 600,000 Agent/Officer hours freed up for primary law enforcement and investigative duties.
- FY08 contract will likely free up over 750,000 Agent/Officer hours.

SBI is also looking at utilizing support contracts for maintenance of displayed technology and tactical infrastructure.

QUESTION SUBMITTED BY HON. BENNIE G. THOMPSON FOR CHIEF ROBERT W. GILBERT RESPONSES

Question 13.: To what extent have the delays in Project 28 affected enforcement operations in the Tucson Sector? How have the delays in Project 28 affected agent perception about the utility of the system?

Response: the delays have had an operational impact due to the extensive man hours required for system testing, which has taken some agents out of the field temporarily. While this testing has been necessary, it has led to some apprehension about the operability of the system. Expectations for the performance of the project have been high due to the cost for the system, but the current perception is that the full system design capabilities and integration may not perform up to these high expectations. However, as this is a "proof of concept" system to provide core operational capabilities, most agents are aware that this is a first step toward the full *SBI*net system design and is part of an evolutionary process.

Question 14.: What type of interactions did the Border Patrol, and more specifically the Tucson Sector, have in the beginning stages of Project 28 development and deployment? What type of input has the Tucson Sector had in the retooling of *SBI*net since June 2007, the original date for operation?

Response: As part of CBP, *SBI*net awarded the Boeing Company a Fixed Price Task Order for \$20 million for P-28 on October 20, 2006. This contract was for Boeing to independently develop a border security prototype, without customer input. Since the June 13th deadline, the *SBI*net team at Tucson Sector has been able to participate in the corrective action process and has been able to give operational input.

Question 15.: If and when Project 28 becomes operational, what do you believe will be the biggest difference in how the Border Patrol operates?

Response: P-28 is an initial development model for *SBI*net. P-28 provides operational technology in an area that, prior to P-28, did not have these resources, increasing the Border Patrol's operational efficiency. This will allow them to focus more on responding than on surveillance and detection. It will also provide a command and control capability to allow the officers and agents to make more timely and informed operational decisions.

Question 16.: If Project 28 detects all or most of the illegal entries within a given area, do you have the boots on the ground to respond and the detention space necessary to house individuals?

Response: CBP has forecasted an appropriate increase in border Patrols Agents based on expected detection capabilities of the P-28 system. However, until P-28 is fully operational, it is difficult to say what the requirements will be to respond to the volume of illegal activity that will be detected. We also expect to have enough capability for housing and processing a potential increase of apprehended aliens at the Nogales Processing Center. Further, ongoing operations have continued to deter illegal activity, resulting in a reduction in apprehensions across the Southwest Border. We believe that we will have resources in place to address law enforcement needs as *SBI*net deploys.

Question 17.: Chief Patrol Agent Gilbert, when I toured the southwest border, I heard from Border Patrol Agents about the threat they face from rocks thrown by illegal aliens.

Could you please describe the types of vehicles Border Patrol Agents use in the Tucson Sector and how many have shatterproof or shatter-resistant windows?

What are your plans to increase the number of vehicles that can withstand these attacks?

Have you considered acquiring other types of vehicles that are better equipped to withstand attacks and to improve the safety of Border Patrol Agents?

Response: Currently, Tucson Sector has eight rock resistant vehicles. These vehicles are standard Border Patrol vehicles to which metal screens are welded in order to protect the windows; none are equipped with shatterproof or shatter-resistant windows. The screen over the windshield collapses down so as to not obstruct the drivers view when driving.

Contingent on availability of vehicles and the necessity of rock-resistant vehicles, Tucson Sector is planning to outfit approximately 14 additional vehicles in this way.

Tucson Sector is not currently looking at other types of vehicles, although we are always willing to consider viable alternatives. At present, we believe that the vehicles currently in use are providing adequate protection against rock attacks.

QUESTIONS SUBMITTED BY HON. BENNIE G. THOMPSON FOR RICHARD M. STANA
RESPONSES

Question 1.: It is our understanding that fencing costs in Project 37 were much higher than initially estimated by the Department. **What is the driving force behind the escalation in fencing costs in the Barry M. Goldwater Range of Project 37? Are you aware of any incentive fees to entice Boeing to complete the fence faster?**

Response: In fiscal year 2007, the U.S. Customs and Border Protection (CBP) constructed a total of 73 miles of fencing throughout the southwest border at an average cost of \$2.9 million per mile. Approximately 32 of those miles were constructed at the Barry M. Goldwater Range (BMGR) in Arizona as part of CBP's Project 37. CBP awarded Boeing a cost-plus-fixed-fee contract¹ to construct the fence by September 30, 2007. The contract was modified to provide for a payment of an incentive fee on a sliding scale if the work was completed before the deadline. According to CBP, Boeing completed construction of the fence on September 30, 2007 and therefore costs did not increase because CBP did not pay Boeing an incentive fee. CBP expects to have the final expenditure costs for the project by the end of November 2007 but preliminary figures indicate that the BMGR fence costs an average of about \$3.9 million per mile.

Question 2.: **If and when Project 28 becomes operational, it is anticipated that it will have a dramatic effect on Border Patrol operations. What type of planning will the Border Patrol need to conduct in order to better assess its operational capabilities and needs as more technology becomes utilized along the border?**

CBP officials expect the Secure Border Initiative (SBI) *SBI_{net}* program to support day-to-day border enforcement operations, however, analysis of the impact of *SBI_{net}* technology on the Border Patrol's operational procedures cannot be completed at this time because agents have not been able to fully use the system as intended. Project 28 is the first segment of technology on the southwest border but as of November 28, 2007, the system was not operational. The Tucson sector, where Project 28 is being deployed, is developing a plan on how to integrate *SBI_{net}* into its operating procedures. Border Patrol officials stated they intend to re-evaluate this strategy, as *SBI_{net}* technology is identified and deployed, and as control of the border is achieved.

QUESTIONS SUBMITTED BY HON. MIKE ROGERS FOR RICHARD M. STANA RESPONSES

Question 1.: **Based on your review, what steps do you recommend that DHS and Boeing take to ensure *SBI_{net}* has sufficient program oversight?**

CBP reports that it is taking steps to improve its oversight capability for *SBI_{net}*, but continued focus is needed to ensure the program meets performance, cost, and schedule requirements. In February 2007, we reported that CBP officials expressed concern about difficulties in finding an adequate number of staff with the required expertise to support planned activities and that staffing shortfalls could limit government oversight efforts. According to CBP officials, both the *SBI_{net}* contractor and the program office have lacked the staff people they needed to provide appropriate oversight. In fiscal year 2007, CBP tripled its staffing levels for the SBI Program Management Office but fell short of its staffing goal of 270 employees. In addition, SBI officials said that a human Capital Management Plan has been drafted, but as of November 28, 2007, the plan had not been approved. CBP should ensure that program and contractor staffing is adequate to support on-going work and for planning future work. In addition, since Project 28 is the first technology deployment project, systematically collecting and implementing lessons learned throughout the duration of the *SBI_{net}* program could also improve future program oversight.

Question 2.: I understand your testimony represents the first of a series of "Interim Reports." **Could you please describe how GAO intends to keep a close eye on *SBI_{net}* as it develops over the coming years?**

¹A cost-plus-fixed-fee contract is a cost-reimbursement contract that provides for payment to the contractor of a negotiated fee that is fixed at the start of the contract. The fixed fee does not vary with actual cost, but may be adjusted as a result of changes in the work to be performed under the contract.

Response: We plan to continue to monitor the *SBI*net program and provide Congress with periodic updates on the status of the program. To continue to monitor the implementation of the program, we will continue to analyze the Department of Homeland Security (DHS) documents, including program schedules and status reports, and workforce data. We will interview DHS and CBP headquarters and field officials, including representatives of the *SBI*net Program Management Office, Border Patrol, CBP Air and Marine, and the DHS Science and Technology Directorate. We will also visit sites where *SBI*net deployment is underway. We will continue to be available to brief the Committee as requested.

We also have work underway to review other components of the *SBI*net program. Specifically, we are assessing the development and deployment of *SBI*net's command, control, and communications systems, and surveillance and detection systems and expect to issue a report next year. In addition, we are reviewing DHS's use of performance-based services acquisition, an acquisition, method structured around the results to be achieved instead of the manner by which the service should be performed. We expect to issue a report on this effort in January 2008.

Question 3: What is the impact of the current delay in Project 28 on subsequent technology projects under *SBI*net?

The *SBI*net Program Management Office (PMO) has reported that it is in the early stages of planning for additional *SBI*net technology projects along the southwest border, however, Boeing's delay in completing Project 28 has led the PMO to change the timeline for deploying some of these projects. In August 2007, *SBI*net PMO officials told us they were revising the *SBI*net implementation plan to delay interim project milestones for the first phase of *SBI*net technology projects, scheduled for calendar years 2007 and 2008. For example, *SBI*net PMO officials said they were delaying the start dates for two projects until after Project 8 is operational and can provide lessons learned for planning and deploying additional *SBI*net technology along the southwest border. The first of these, phase three technology deployment for Project 37 at the Barry M. Goldwater Range, was to be operational in December 2007. The second, the Texas Mobile System, technology deployment for about 70 miles of border in the El Paso Border Patrol sector, was to be operational in May 2008. However, as of November 28, 2007, the *SBI*net PMO had not provided us with a revised deployment schedule. Despite these delays, *SBI*net PMO officials said they still expected to complete all of the first phase of technology projects by the end of calendar year 2008.

Question 4: Do you believe DHS is doing enough to oversee Boeing's fixed-price contract? If not, what more can DHS do to improve contract management?

We believe CBP could have done more to oversee this contract task order. CBP selected a firm-fixed-price task order to limit its liability for cost overruns on Project 28, since under a fixed price arrangement, the contractor agrees to perform the work required at a stated price regardless of how much it may actually cost to perform. Because all the cost risk is on the contractor, CBP officials correctly pointed out to us that the firm-fixed-price contract had limited the government's role in directing Boeing in its decision making process. But use of a fixed-price contract does not permit CBP to take a completely hands-off approach regarding risk management. While the use of a fixed-price contract put Project 28's cost risks on Boeing, the government shared the schedule and technical risks because Project 28 was both the first increment of the overall program as well as a technology demonstration. CBP should have been more involved in making sure that Boeing accurately identified the risks, had adequate plans to mitigate them, and was implementing those plans, because more was riding on their success at a program-level than just the \$20 million for Project 28.

CBP reports that it has taken steps to strengthen its contract management for Project 28. For example, citing numerous milestone slippages by Boeing during Project 28 implementation, in August 2007, CBP sought and reached an agreement with Boeing to give CBP greater influence in milestone setting and planning corrective actions on the Project 28 task order. Also in August 2007, CBP organized a meeting with Boeing representatives to discuss ways to improve the collaborative process, the submission of milestones, and Boeing's plan to correct Project 28 problems. Following this meeting, CBP and Boeing initiated a Change Control Board (CCB). The CCB has been a way to solve key issues pertaining to Project 28, and according to a senior *SBI*net official, the CCB has helped improve coordination and integration with Boeing. In addition to the steps cited above, CBP can further improve contract management by applying lessons learned from Project 28 about the need for closer oversight to any future consideration of firm fixed price contracts.

