

**DEPARTMENT OF HOMELAND SECURITY
APPROPRIATIONS FOR FISCAL YEAR 2013**

HEARINGS
BEFORE A
SUBCOMMITTEE OF THE
COMMITTEE ON APPROPRIATIONS
UNITED STATES SENATE
ONE HUNDRED TWELFTH CONGRESS

SECOND SESSION

ON

H.R. 5855/S. 3216

AN ACT MAKING APPROPRIATIONS FOR THE DEPARTMENT OF HOME-
LAND SECURITY FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2013,
AND FOR OTHER PURPOSES

**Department of Homeland Security
Nondepartmental Witnesses**

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**DEPARTMENT OF HOMELAND SECURITY
APPROPRIATIONS FOR FISCAL YEAR 2013**

THURSDAY, MARCH 8, 2012

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

The subcommittee met at 10:04 a.m., in room SD-192, Dirksen Senate Office Building, Hon. Mary L. Landrieu (chairman) presiding.

Present: Senators Landrieu, Lautenberg, Tester, Coats, Cochran, Murkowski, and Moran.

DEPARTMENT OF HOMELAND SECURITY

STATEMENT OF HON. JANET NAPOLITANO, SECRETARY

OPENING STATEMENT OF SENATOR MARY L. LANDRIEU

Senator LANDRIEU. Good morning, everyone. Let me call the subcommittee to order for homeland security review of the budget. We welcome Secretary Napolitano.

As is our custom, I will start with an opening statement and turn to my ranking member, Senator Coats, and then recognize Senator Lautenberg, who will be joining us in a minute. Then we will hear from the Secretary and open it up to questions and comments from our members.

Madam Secretary, it has been a busy week for all of us, particularly for you, who conducted for us in a classified session just yesterday afternoon a cyber exercise, and we appreciate your focus and attention on that very important mission of your Department and a very present threat to our Nation.

We welcome you. You lead a Department of 230,000 men and women who are on the front lines every day protecting our citizens. Last week, we were reminded of the real danger they face every day when we lost four Coast Guard personnel in a training helicopter mission over Mobile Bay.

In fact, ladies and gentlemen, as our subcommittee meets this morning, a memorial service is being held in Mobile, Alabama, to honor the crew members who were lost in this tragic accident. They are Lieutenant Commander Dale Taylor, Lieutenant Junior Grade John Cameron, Chief Petty Officer Fernando Jorge, and Petty Officer Andrew Knight.

We send our condolences, Madam Secretary, to their families, to their loved ones, and to the Coast Guard personnel who served with them.

We commend the Department of Homeland Security (DHS) employees for their dedication and their service, and I commend you for your continued leadership. Having been a former Governor of Arizona, you are well aware of the threats along our southern border and have been an expert in executing some of those provisions. But you have developed quite an expertise across the border.

We welcome you to our subcommittee today.

To my friend from Indiana, Dan Coats, I want to say we stand with you in supporting the communities and individuals, families, and businesses that were disaster victims and survivors. We want to work with you, Senator Coats, the volunteers, and all of our first responders to do everything we can to help in Indiana and Ohio.

I know that the Federal Emergency Management Agency (FEMA) that showed up to help you was a lot better than the FEMA that showed up many years ago along the gulf coast, and we should all be proud of the work that we have done to make that happen. I am sure we still have other things that need to be done, but it is a much better FEMA. And I hope you will find them to be a reliable partner with your local governments.

My goal in this bill—and hopefully, it is shared by all of you—is to produce a bipartisan, fiscally responsible Homeland Security appropriations bill that provides this Department with the resources it needs to prepare for, respond to, and recover from all threats, both manmade and natural.

It is critical that we provide the Department with the resources it needs to effectively execute its many core missions, which are preventing terrorism, securing our borders, enforcing all of our immigration laws, securing our cyberspace, which is a very complex and difficult and on the front-line objective right now. Not only preventing cyber attacks, but being ready to respond to them. Not only protecting the Government networks, but finding a way to build a strong partnership with our private infrastructure, which is not easy—complicated, but necessary to be done. Protecting our currency, securing our ports and waterways, and enhancing commerce with our ever-expanding trade laws.

So this Department is being given not just more missions, but expanding missions in many areas. As the global commerce expands, as we get more and more commerce coming in through our waterways, our Coast Guard is being called on in any number of new ways. The oil spill in the gulf is just one example.

So I want my members to understand that we can sometimes do more with less. We are going to try to be as efficient and as effective as we can. But I ask you to look at the mission of this Department and to make sure that we are giving them the resources to do their job, and we are not pulling the wool over the eyes of our constituents by underfunding them in critical ways. So we are going to work very hard with my ranking member to make sure that happens.

In our 2012 bill last year, which was the first year that I chaired this subcommittee, we worked together to accomplish some important goals. First, we did strengthen the Coast Guard's capital program. We funded six fast response cutters, long lead time materials for the sixth national security cutter, design funding for offshore patrol cutters, and additional funding for enhanced oil spill re-

sponse capabilities, and improved funding for Coast Guard families.

We find the Coast Guard in the 8th district to be a very effective Federal agency. I don't know what my other members think about the Coast Guard, but we feel very strongly about their mission. And as you can see with the spill in the gulf, they were working 24-7. We need to make sure they can continue to keep our ports open, our waterways and our oceans clean, and intercept drug smugglers that are growing seemingly every day.

For the Transportation Security Administration (TSA), to improve air travel experience, which we get many complaints about, we included funding for the TSA risk-based trusted traveler screening program, known as PreCheck (Pre✓™), which is now operating in 9 airports, will expand to 35 by the end of 2012. We also funded 250 advanced imaging technology machines to detect threats; to try to be more respectful of people's privacy, which is a very big issue; and expedite the lines, Madam Secretary, in some of our airports.

We don't have that much difficulty in our New Orleans, Louisiana, airports. But I do hear horror stories from some of my other members around the country about the long lines, particularly on international entry into the country. And I want to work with Customs and TSA this year on that.

We continue to invest in efforts to improve our disaster response. We had the Mississippi, Missouri floods. We responded to the tornadoes in the South and East, Hurricane Irene last year. As you remember, last year was a catastrophic year for disasters. We hope this year will be better. We don't know. But I appreciate the support for funding for disasters.

In just one example of how we better supported FEMA, because FEMA pre-positioned communications equipment purchased after 2005, local officials consistently reported no unmet communication requests during Hurricane Irene. So there are actual results from the monies that we invest in this bill, what people see and feel on the ground, whether it is in Indiana, Ohio, or along the gulf coast, as Senator Cochran so well knows.

Last year, we were able to enact through the Budget Control Act a responsible funding mechanism for disaster relief. I want to particularly thank Senator Cochran for his leadership on this issue. I don't think it would have happened without him as a senior member of Appropriations, and I want to give him the credit for working with me, as well as my ranking member.

It is important to note that every State has its own unique situation in responding to disasters. It is up to the Governors to evaluate their situation, decide if they need Federal help, and ask. Federal help is not mandatory. I just want to let people know. Federal help is not mandatory.

It only comes if Governors ask. If they need it, we are here to help them. In our case in the gulf coast, we could not possibly have recovered from Katrina, Rita, Gustav, and Ike without substantial Federal help.

If some States can do that, that is fine. But it is voluntary, and if they ask, we will be there to help them.

We also added funds above the request of the administration to develop a more aggressive trade enforcement strategy. The Presi-

dent's request this year builds on our efforts last year to plus-up that title. We have petroleum products, textiles, and the automotive/manufacturing sector that has been threatened by unfair trade practices.

And I hear this from my colleagues. We want to try to be responsive in this budget, and so we are going to continue to focus on fair trade practices.

And finally, we increased funding to address cybersecurity threat, including funding to meet the goal of educating 1.7 million students over the next 10 years.

I want to say to my subcommittee, we don't have responsibility over the education budget. We just have responsibility over homeland security. But we have to be in partnership with the Department of Education to provide support for the 1.7 million cyber warriors that we are going to need coming out of our middle schools and high schools to actually man the cyber stations to protect our Nation.

So please be thinking about some of those ideas. We have got a very exciting education program that has evolved next to Barksdale Air Force Base at the Cyber Innovation Center. There may be other opportunities around the Nation.

In the fiscal year 2012 DHS bill, we made difficult cuts. We eliminated agencies that were redundant, not meeting our missions. Senator Coats has been particularly focused on eliminating inefficiencies, and I appreciate his work in that regard.

It is essential that this Department have the muscle, however, to defend this country. We all appreciate the bravery and skill of our military forces in eliminating Osama bin Laden and Anwar al-Awlaki last year. However, we must remain vigilant and nimble in responding to these evolving threats.

The President has proposed a budget for 2013 that, if approved, would reduce the Department of Homeland Security budget for a third year straight. While I believe in reductions and I am pleased that the budget increases include substantial increases for cybersecurity, science, and technology, I do have reservations about the inadequate funding requests to replace Coast Guard ships, planes, Customs air, and maritime aircraft.

Congress has a responsibility to make sure the next generation of Coast Guard and Customs men and women serving on the front lines have the equipment they need to process the billions of dollars of goods that are coming into this country and leaving our country in order to support our economy. This isn't mission grab. This is what we do to support the transactions between millions of businesses that rely on us to keep those avenues of commerce open.

With regard to the President's proposed reform of the State and local responders program, I look forward to hearing from stakeholders and working with the Secretary. He has proposed \$500 million more in funding. I am very grateful for that. We are going to have to figure out how to allocate it among the many important programs.

And finally, I want to take this opportunity to acknowledge the tremendous work being done by the Director of U.S. Citizenship and Immigration Services. I have mentioned him to you privately. Director Mayorkas and his staff have been very forward leaning

with me and many Senators in our work around the world on international adoptions. He has really stepped up to help make sure that the thousands of Americans that adopt internationally are getting a better experience.

And, they think they are doing God's work, and they are. Adopting children who would otherwise die or suffer a very lonely life, and I really appreciate his respect for that issue.

PREPARED STATEMENT

I want to turn to Senator Coats now, and then I will turn to our Vice Chairman Frank Lautenberg for opening statements. And I now recognize Senator Coats.

[The statement follows:]

PREPARED STATEMENT OF SENATOR MARY L. LANDRIEU

Good morning. I call the subcommittee to order.

Secretary Napolitano, you lead a Department of 230,000 men and women who are on the front lines every day protecting our citizens. Last week, we were reminded of the danger they face when we lost four Coast Guard personnel training in a helicopter over Mobile Bay. A memorial service is being held this morning in Mobile, Alabama to honor the crewmembers lost in this tragic accident: Lieutenant Commander Dale Taylor, Lieutenant Junior Grade John Cameron, Chief Petty Officer Fernando Jorge, and Petty Officer Andrew Knight. We send our condolences to their families and to the Coast Guard personnel who served with them.

We commend Department of Homeland Security (DHS) employees for their dedication and their service and I commend you for your continued leadership. We welcome you to the subcommittee today. I look forward to working with Senator Dan Coats, our ranking member. I say to my friend from Indiana that we stand with him in supporting the disaster victims, the volunteers, and the first responders as they rebuild following the devastating tornados last week. I also look forward to working with Senator Frank Lautenberg, our vice chairman, and all of the members of our subcommittee as we prepare to mark up our fiscal year 2013 bill.

My goal is to produce a bipartisan, fiscally responsible Homeland Security appropriations bill for 2013 that provides the Department with the resources it needs to prepare for, respond to, and recover from all threats, both man-made and natural. It is also critical that we provide the Department with the resources that it needs to effectively execute its many core missions—preventing terrorism, securing the borders, enforcing our immigration laws, safeguarding cyberspace, securing our ports and waterways, protecting our currency, and enhancing commerce while enforcing our trade laws.

Securing this Nation is not just a Federal Government responsibility. We must also serve as leaders, educators, and reliable partners in helping State and local governments, the private and nonprofit sectors, and our citizens achieve these goals.

In our fiscal year 2012 DHS act, we worked together to accomplish these goals. For the Coast Guard, we funded six fast response cutters, long lead materials for the sixth national security cutter, design funding for the offshore patrol cutter, additional funding for enhancing oil spill response capabilities, and funding to improve housing for Coast Guard families. For the Transportation Security Administration (TSA), to improve the air travel experience, we included funding for TSA's risk-based trusted traveler screening system known as PreCheck (Pre✓™), which is now operating at nine airports and will be expanded to 35 airports by the end of 2012. We also funded an additional 250 advanced imaging technology units to detect threats to aviation with software that protects people's privacy.

We continued to invest in efforts to improve FEMA's disaster response capabilities. Since Congress enacted the Post-Katrina Emergency Management Reform Act in 2006, we have invested considerable resources in improving FEMA's disaster response capabilities. It is not a coincidence that in the face of a terrible disaster year in 2011, with the Mississippi and Missouri River floods, the tornados in the South and East, and Hurricane Irene, that FEMA got positive reviews from the State and local communities impacted by those storms. FEMA catastrophic planning is more integrated, shelter facility data is better managed, and the disaster acquisition process is proactive, not reactive. In just one example, because FEMA pre-positioned communications equipment purchased after 2005, local officials consistently reported no unmet communications requests during Hurricane Irene, according to re-

cent testimony by Administrator Fugate. Under my watch, we will not allow FEMA to lose ground.

Last year, we were able to enact through the Budget Control Act, a responsible funding mechanism for the Disaster Relief Fund and I am pleased that the White House is using that authority for fiscal year 2013. Now those communities that responded so well to disasters in 2011 will also have the funds they need to recover.

It is important to note that every State has its own unique situation in responding to disasters. It is up to the Governors to evaluate their situation and then decide if they need the Federal Government's help, or not. There is no mandate that says a Governor must seek assistance. No one is required to use FEMA's help.

The fiscal year 2012 DHS act also added funds above the request and required the administration to develop a more aggressive trade enforcement strategy. The President's request builds on this effort and focuses investigations in key areas such as petroleum products, textiles, and the automotive/manufacturing sector. We provided significant funding to sustain the rapid increases in funding provided in recent years to secure our borders and enforce our immigration laws.

We also provided increased funding to address the cybersecurity threat, including funding to meet the goal of educating 1.7 million students over the next 10 years. DHS is teaming up with experts to produce the cyber warriors of the future. Some of these experts are at the Cyber Innovation Center in Louisiana, and I commend them.

We also made difficult cuts, eliminating agencies that were redundant or not accomplishing their missions, and rescinded funds from low-priority programs.

It is essential that the Department has the muscle it needs to defend this country. We all appreciate the bravery and skill of our military forces in eliminating Osama bin Laden and Anwar al-Awlaki. However, we must remain vigilant and nimble in responding to evolving threats. And as the tornados reminded us last week, we must continue to develop and sustain our capabilities to respond to natural disasters.

The President has proposed a budget for fiscal year 2013 that if approved, would reduce the Department of Homeland Security budget for the third straight year. While I am pleased that the budget includes substantial increases for cybersecurity and science and technology, I have strong reservations about the inadequate funding requests to replace aging Coast Guard ships and planes and Customs air and marine aircraft. Congress has a responsibility to make sure that the next generation of Coast Guard and Customs men and women serving on the front lines has the equipment needed to accomplish their many missions. The President's budget does not pass that test. I will work with my colleagues to identify resources to restore those cuts.

With regard to the President's proposed reform of the State and local first responder grant programs, I look forward to hearing from stakeholders and to working with the Secretary as we develop reform legislation.

I also want to take this opportunity to acknowledge the tremendous work being done by the Director of U.S. Citizenship and Immigration Services. Director Mayorkas and his staff have been very forward leaning in working with me and my staff on the issue of international adoptions, especially in Guatemala. He represents your Department well on this very important issue and truly cares about its humanitarian impact.

STATEMENT OF SENATOR DAN COATS

Senator COATS. Madam Chairman, thank you.

And Secretary Napolitano, thank you for being with us today, and particularly for that arrangement for the cyber briefing we had last evening. I thought it was very important. A lot of members of the Senate showed up for that—showed a keen interest. And you defined it and others defined it in the security business as one of the most major threats that the Nation faces.

So we have got a lot of work to do. I appreciate your involvement, engagement, and taking the lead on that effort. I thought it was a very valuable session last evening.

I want to just take a couple minutes to reflect a little bit on the damage that we had and the lives lost in southern Indiana. It doesn't begin to compare with what you went through, Madam Chairman and Senator Cochran, and what all those along the gulf

coast went through. Nevertheless, the first responders' response and the mechanisms that kicked into gear right after the storm swept through showed that we made very significant progress in dealing with these types of emergencies.

We had an unusual tornado in that instead of bouncing down and taking out the buildings here and there and so forth, it touched down and went for nearly 50 miles. About one-quarter mile to one-half mile wide height, and there was literally nothing in that path that stayed standing, including trees and signs, but more importantly, homes and businesses and schools and so forth.

So that amount of devastation just shows the force of nature and makes our challenge of addressing funding for unanticipated—but we know there will be coming disasters—keeping the funds available to respond to that is a real challenge.

The other thing I observed there was the role of the State and the local communities. I think the coordination that took place would not have happened 5 or 10 years ago. So a lot of progress has been made.

But then what has traditionally happened all throughout the history of our country is the fact that the response of the people themselves—the volunteers, the Red Cross coming in, people, neighbors helping neighbors, and adjoining counties coming over and sending aid and as well as security and State police and so forth—and then even people from other States rallying to the cause in whatever way they can—is really emblematic of the American spirit.

We like to handle as much as we can by ourselves in Indiana. The Governor has yet to make a request to declare a disaster. He is waiting for the assessment, which is going forward as we speak. And we understand that the first responsibility comes from our State and our local communities; unfortunately, too often in the past, the first question asked is, “What is the Federal Government going to do, and how quickly are they going to show up?”

We like to make sure that we maintain the fact the Federal Government is the backup for situations like Katrina, for situations which go beyond the ability of State, local, and volunteer groups to handle. So we are trying to be conscious of that, particularly in these days of fiscal discipline. And I hope that that can serve as an example.

With that, I just look forward to the hearing and discussing issues of pertinence. And Madam Chairman, thank you.

Senator LANDRIEU. Thank you, Senator.

Senator Lautenberg.

STATEMENT OF SENATOR FRANK R. LAUTENBERG

Senator LAUTENBERG. Thank you, Madam Chairman.

Welcome, Secretary Napolitano.

We know that you do a lot of good work over there. Unfortunately, the assignment requires more in resource, and as a consequence, the job has some constraints that we would like not to see. More than 10 year after the 9/11 attacks, and we continue to face evolving threats in our fight against terrorism.

Now, unfortunately, our ability to prevent and respond to these threats is weakened by “cut at any cost” colleagues in the Congress. Last year, the majority in the House slashed funding for sev-

eral critical programs, including State and local grants that support first responders and help us prepare for emergencies.

This subcommittee, under Senator Landrieu's chairmanship, restored as much funding as possible in the final bill. But if the other side had gotten its way, these programs would have been decimated. These cuts underscore the need to increase funds for grant programs this year to ensure that our families are kept safe, and that is why we are pleased to see that this year's budget includes an increase for preparedness grants.

However, we have concerns about the Department's proposal to administer these funds. We need more information from the Department about how the proposal might affect high-risk areas, including our country's ports and public transportation system.

Now, make no mistake. Any proposal must do more to protect areas like the stretch between Port of Newark and the Newark Liberty Airport. Law enforcement has identified this area as the most, the country's most inviting 2-mile stretch in the country for terrorism. Yet last year, the Urban Areas Security Initiative (UASI) granted funding for this region—grant funding for this region was cut by 42 percent.

At the same time, we must remain vigilant on security at our airports. Now over the past few years, Newark Liberty Airport has experienced serious security lapses, and we are pleased to see that TSA has made changes at Newark. But challenges persist.

The Department has been investigating the airport's operation for almost a year, and we are eager to see the results so we can begin putting real reforms into place. The bottom line, simply the threat of terrorism is real. We have got to focus our limited resources on protecting the most at-risk targets.

And to those who are obsessed with cost cutting, you can't put a price on a human life, and nothing is more important than keeping our communities, our families, and our economy safe. So I look forward, Madam Chairman, to hearing from Secretary Napolitano about how we can continue making the critical investments that we must do in homeland security.

Thank you.

Senator LANDRIEU. Thank you, Senator Lautenberg, for your advocacy for these local grant programs.

You, being from New Jersey, of course, can fully appreciate their importance. So we appreciate it.

Let us turn it over to you, Madam Secretary, for your opening statement.

STATEMENT OF HON. JANET NAPOLITANO

Secretary NAPOLITANO. Thank you. Thank you, Chairman Landrieu, Ranking Member Coats, Vice Chairman Lautenberg, and other members of the subcommittee, for the opportunity to discuss President Obama's fiscal year 2013 budget for the Department of Homeland Security.

Before I begin and reiterating the remarks of Chairman Landrieu, I would like to take a moment to remember the brave men who lost their lives in the recent crash of Coast Guard helicopter 6535. This tragic accident reminds us of the danger and great personal risk that the courageous men and women of our De-

partment and our armed forces confront every day to ensure the safety, security, and resilience of our Nation.

Today, as we speak, at the memorial service in Alabama and throughout the country, our thoughts and prayers are with the men, the women, and the families of the Coast Guard.

Now, 10 years after the September 11 attacks, America is stronger and more secure, thanks to the strong support of the President and the Congress, the work of the men and women of the Department of Homeland Security, and local, State, and Federal partners across our homeland security enterprise.

Although we have made significant progress, threats from terrorism, including, but not limited to, al Qaeda and al Qaeda-related groups, persist and continually evolve, and the demands on DHS continue to grow as well. Today's threats are not limited to any one individual, group, or ideology and are not defined, nor contained by international borders. Terrorist tactics can be as simple as a homemade bomb and as sophisticated as a biologic threat or a coordinated cyber attack.

We have had success in thwarting numerous terrorist plots, including the attempted bombings of the New York City subway and Times Square; foiled attacks against air cargo; and other attempts across the country. Nonetheless, continued threats from abroad and at home demonstrate how we must consistently remain vigilant and prepared.

The President's fiscal year 2013 budget for DHS allows us to continue to meet these evolving threats and challenges by preserving core front-line operational priorities through the redirection of over \$850 million in base resources from administrative and mission support areas. This continues our unprecedented commitment to fiscal discipline, which has led to over \$3 billion in cost avoidances and reductions over the past 3 years through our efficiency review and other initiatives.

Given the fiscal challenges of the Department's State and local partners, DHS is also approaching these partnerships in new and innovative ways. For 9 years, DHS has been supporting State and local efforts across the homeland security enterprise to build capabilities, awarding more than \$35 billion in funding.

As we look ahead in order to address evolving threats and make the most of limited resources, the administration has proposed a new vision for homeland security grants through the National Preparedness Grant Program to create a robust national preparedness capacity based on cross-jurisdictional and readily deployable State and local assets. Using a competitive, risk-based model, this grants program will use a comprehensive process to assess gaps, identify and prioritize deployable capabilities, and put funding to work quickly, requiring grantees to regularly support their progress.

My written testimony includes a comprehensive list of the operational priorities in our budget. I would like today to highlight just a few.

Preventing terrorism and enhancing security was the founding mission of DHS. It remains our top priority today. The fiscal year 2013 budget safeguards the Nation's transportation systems through a layered detection system, focusing on risk-based screen-

ing, enhanced targeting, and information-sharing efforts to interdict threats and dangerous people at the earliest point possible.

The budget supports the administration's Global Supply Chain Security Strategy across air, land, and sea modes of transportation by strengthening efforts to pre-screen and evaluate high-risk containers before they are shipped to the United States. We also continue our strong support for State and local partners through training, fusion centers, and intelligence analysis and information sharing on a wide range of critical homeland security issues.

To secure and manage our borders, this budget continues the administration's unprecedented focus on border security, travel, and trade by supporting our border patrol agents and U.S. Customs and Border Protection (CBP) officers on the front lines, as well as the continued deployment of proven, effective surveillance technology along the highest trafficked areas of the Southwest border and continued security improvements along the northern border.

To secure the Nation's maritime borders, the budget invests in recapitalization of Coast Guard assets, including the sixth national security cutter, fast response cutters, as well as the renovation and restoration of shore facilities.

The budget request also continues the Department's focus on smart and effective enforcement of our Nation's immigration laws. In fiscal year 2013, we will complete nationwide implementation of Secure Communities. Through this initiative and our continued collaboration with the Department of Justice, it is expected to increase the number of criminal aliens and other priority individuals who are identified and removed from this country.

This budget provides the resources needed to address this changing population while continuing to support Alternatives to Detention, detention reform, and immigrant integration efforts. The budget also focuses on monitoring and compliance, promoting adherence to worksite-related laws through criminal prosecutions of egregious employers, and expansion of E-Verify.

To safeguard and secure cyberspace, the budget makes significant investments to strengthen cybersecurity, including funds to expedite the deployment of EINSTEIN 3 to prevent and detect intrusions on Government computer systems. It also includes increased Federal network security across the Federal Government, and it continues to develop a robust cybersecurity workforce to protect and respond to national cybersecurity threats.

In 2011, the Department responded to a record number of disasters. To ensure continued resilience to disasters, the President's budget focuses on a whole community approach to emergency management and includes resources for the Disaster Relief Fund, the DRF, which provides a significant portion of the Federal response to victims in Presidentially declared disasters or emergencies and is funded largely through authority provided under the Budget Control Act.

The budget also continues to provide essential support to national and economic security by supporting the Coast Guard's operations in the polar regions and by continuing to support U.S. Immigration and Customs Enforcement (ICE) and CBP's efforts to protect U.S. intellectual property rights and collection of Customs revenue.

PREPARED STATEMENT

In conclusion, the fiscal year 2013 budget proposal reflects this administration's strong commitment to protecting the homeland and the American people through the effective and efficient use of DHS resources. As outlined in my testimony today, we will continue to preserve front-line priorities across the Department by cutting costs, sharing resources across components, and strengthening operations wherever possible.

Chairman Landrieu, Ranking Member Coats, members of the subcommittee, thank you for the opportunity to testify today. I am pleased to answer your questions.

[The statement follows:]

PREPARED STATEMENT OF HON. JANET NAPOLITANO

Chairman Landrieu, Vice Chairman Lautenberg, Ranking Member Coats, and members of the subcommittee: Let me begin by saying thank you to this subcommittee for the strong support you have provided me and the Department over the past 3 years. I look forward to continuing to work with you in the coming year to protect the homeland and the American people.

I am pleased to appear before the subcommittee today to present President Obama's fiscal year 2013 budget request for the Department of Homeland Security (DHS).

Ten years after the September 11th attacks, America is stronger and more secure today, thanks to the strong support of the President and Congress; the work of the men and women of the Department of Homeland Security (DHS) and local, State, and Federal partners across the homeland security enterprise.

While we have made significant progress, threats from terrorism—including, but not limited to al Qaeda and al Qaeda-related groups—persist and continually evolve, and the demands on DHS continue to grow. Today's threats are not limited to any one individual, group, or ideology and are not defined nor contained by international borders. Terrorist tactics can be as simple as a homemade bomb and as sophisticated as a biological threat or a coordinated cyber attack. We have had success in thwarting numerous terrorist plots including the attempted bombings of the New York City subway and Times Square, foiled attacks against air cargo, and other attempts across the country. Nonetheless, the recent threat surrounding the 10th anniversary of the September 11th attacks and the continued threat of homegrown terrorism demonstrate how we must constantly remain vigilant and prepared.

To continue to address these evolving threats, DHS employs risk-based, intelligence-driven operations to prevent terrorist attacks. Through a multi-layered detection system focusing on enhanced targeting and information sharing, DHS works to interdict threats and dangerous people at the earliest point possible. DHS also works closely with its Federal, State, and local law enforcement partners on a wide range of critical homeland security issues in order to provide those on the front lines with the tools they need to address threats in their communities.

Strengthening homeland security also includes a significant international dimension. To most effectively carry out DHS's core missions—including preventing terrorism, securing our borders, and protecting cyberspace—we must partner with countries around the world. This work ranges from strengthening cargo, aviation, and supply chain security to joint investigations, information sharing, and science and technology cooperation. Through international collaboration, we not only enhance our ability to prevent terrorism and transnational crime, we also leverage the resources of our international partners to more efficiently and cost-effectively secure global trade and travel. Today, DHS works in more than 75 different countries—the third largest foreign footprint of any civilian U.S. Government agency—in order to address and respond to evolving threats before they reach our shores.

Domestically, over the past several years, DHS has deployed unprecedented levels of personnel, technology, and resources to the Southwest border. At the same time, the Department has made critical security improvements along the northern border while strengthening efforts to increase the security of the Nation's maritime borders. DHS is also focused on smart and effective enforcement of U.S. immigration laws while streamlining and facilitating the legal immigration process.

To strengthen the Nation's cybersecurity posture, DHS leads the Federal Government's efforts to secure civilian government computer systems and works with in-

dustry and State, local, tribal, and territorial governments to secure critical infrastructure and information systems.

Additionally, DHS continues to coordinate disaster response efforts nationwide. In 2011, the Department responded to a record number of disasters, including Hurricane Irene, which impacted 14 States; wildfires in the Southwest; severe flooding in the Mississippi and Missouri river systems; and devastating tornadoes that hit the Midwest and the South. The Department's response to these and other disasters shows how far it has come in just a few years. Rather than wait until a request for disaster assistance has been received and approved, the Federal Emergency Management Agency (FEMA) and agencies across the Federal Government work actively with communities to prepare before disasters occur and to maintain a constant readiness posture.

MAXIMIZING EFFICIENCY AND EFFECTIVENESS

The fiscal year 2013 budget for DHS is \$58.6 billion in total budget authority, \$48.7 billion in gross discretionary funding, and \$39.5 billion in net discretionary funding. Net discretionary budget authority is 0.5 percent below the fiscal year 2012 enacted level. An additional \$5.5 billion for the Disaster Relief Fund (DRF) is provided under the disaster relief cap adjustment, pursuant to the Budget Control Act of 2011 (BCA).

The Department has implemented a variety of initiatives to cut costs, share resources across components, and consolidate and streamline operations wherever possible. To preserve core front-line priorities in fiscal year 2013, we have redirected over \$850 million in base resources from administrative and mission support areas, including contracts, personnel (through attrition), information technology, travel, personnel moves, overtime, directed purchasing, professional services, and vehicle management. Through the Department-wide efficiency review (ER), which began in 2009, as well as other cost-saving initiatives, DHS has identified over \$3 billion in cost avoidances and reductions, and redeployed those funds to mission-critical initiatives across the Department.

At the same time, the Department challenged its workforce to fundamentally rethink how it does business—from the largest to smallest investments. In 2011, DHS conducted its first-ever formal base budget review for fiscal year 2013, looking at all aspects of the Department's budget to find savings within our current resources and to better align those with operational needs. Through its annual "Think Efficiency Campaign," DHS solicited employee input on creative cost-saving measures and will implement six new employee-generated initiatives in early 2012.

Given the fiscal challenges to the Department's State and local partners, DHS is also approaching these partnerships in new and innovative ways. The administration has proposed a new homeland security grants program in fiscal year 2013 designed to develop, sustain, and leverage core capabilities across the country in support of national preparedness, prevention, and response. The fiscal year 2013 National Preparedness Grant Program (NPGP) will help create a robust national preparedness capacity based on cross-jurisdictional and readily deployable State and local assets. Using a competitive, risk-based model, the NPGP will use a comprehensive process for identifying and prioritizing deployable capabilities, limit periods of performance to put funding to work quickly, and require grantees to regularly report progress in the acquisition and development of these capabilities.

In fiscal year 2011, DHS achieved a milestone that is a pivotal step toward increasing transparency and accountability for the Department's resources. For the first time since fiscal year 2003, DHS earned a qualified audit opinion on its balance sheet—highlighting the significant progress we have made in improving our financial management in the 8 years since DHS was founded. Through these and other efforts across the Department, we will continue to ensure taxpayer dollars are managed with integrity, diligence, and accuracy and that the systems and processes used for all aspects of financial management demonstrate the highest level of accountability and transparency.

The fiscal year 2013 President's budget supports these significant efforts to increase transparency, accountability, and efficiency. Following are some key initiatives and proposals included in the budget that continue to streamline departmental operations:

—*US-VISIT*.—In order to better align the functions of US-VISIT with the operational components, the budget proposes the transfer of US-VISIT functions from the National Protection and Programs Directorate (NPPD) to U.S. Customs and Border Protection (CBP) and U.S. Immigration and Customs Enforcement (ICE). Currently, CBP operates numerous screening and targeting sys-

- tems, and integrating US-VISIT within CBP will strengthen the Department's overall vetting capability while also realizing efficiencies.
- Strategic Sourcing*.—Through the ER and component initiatives, DHS has used strategic sourcing initiatives to leverage the purchasing power of the entire Department for items such as software licenses, wireless communication devices, furniture, and office supplies. In fiscal year 2013, DHS expects to save more than \$264 million through the use of these contracts.
 - Acquisition Management and Reform*.—A major management priority in fiscal year 2013 is the continued improvement of the DHS acquisition process. The Under Secretary for Management is leading an effort to improve the overall acquisition process by reforming the early requirements development process and enhancing our ability to manage the implementation and execution of acquisition programs.
 - Strengthening the Efficiency of IT Programs*.—The Department is committed to improving performance of IT programs, implementing a “cloud first” policy, reducing the number of Federal data centers, and consolidating IT infrastructure. On the basis of these initiatives, the overall fiscal year 2013 budget (including all DHS components) for IT infrastructure is reduced by 10 percent below fiscal year 2012 enacted levels.
 - Common Vetting*.—In order to increase the efficiency and effectiveness of its screening efforts and leverage capabilities across the Department, the budget includes funding to continue to enhance the Department's biographic and biometric screening capabilities. As part of this effort, DHS has initiated implementation of an enhanced biographic exit program, which will better aggregate the information within existing data systems, enhance review of potential overstays, increase automated matching, incorporate biometric elements, and provide the foundation for a future biometric exit solution.
 - Common Airframes*.—DHS is also examining how to leverage joint requirements for aviation assets between CBP and the U.S. Coast Guard. A senior leadership working group has performed a baseline analysis of the various roles and missions of DHS's aviation assets and is working to increase the effectiveness of departmental aviation assets through continued coordination and collaboration. Complementing this effort, DHS recently began an ER initiative which will increase cross-component collaboration for aviation-related equipment and maintenance by establishing excess equipment sharing, maintenance services, and contract teaming agreements, as well as other opportunities for aviation-related efficiencies.
 - Information Sharing and Safeguarding*.—DHS is embarking on a Department-wide effort to increase efficiencies and reduce redundancies through the implementation of key information sharing and safeguarding capabilities such as identity, credentialing, and access management. Significant future cost savings will be realized with the continued consolidation of sensitive but unclassified portals, streamlining of classified networks and the alignment of common operating picture investments. Working through a Department-wide information-sharing governance structure, DHS is addressing requirements resulting from post-Wikileaks reforms, and ensuring that information on both classified and unclassified networks is properly protected to preserve privacy and civil liberties.
 - Aviation Passenger Security Fee*.—The fiscal year 2013 budget includes the administration's proposal to restructure the aviation passenger security fee (security fee) to achieve total collections of \$2.239 billion. The proposal would generate an additional \$317 million in new collections in 2013, of which \$117 million would be used to further offset the cost of Federal aviation security operations and \$200 million would contribute to Federal deficit reduction. Following the security fee restructuring, passengers would pay a fee of \$5.00 per one-way trip beginning in the fourth quarter of fiscal year 2013, rather than a separate fee for each enplanement under the current construct. The restructuring would provide TSA with the flexibility to meet increasing aviation security costs and better aligns the costs associated with passenger security to the direct beneficiaries. The security fee has not changed or been adjusted for inflation since the TSA was established in 2002, even while the overall cost of aviation security has grown by more than 400 percent. The administration's proposal makes progress toward fulfilling the intent of the Aviation and Transportation Security Act to cover the costs of aviation security through fees and not by the general taxpayers.

BUDGET PRIORITIES

The fiscal year 2013 President's budget prioritizes the mission areas outlined in the Department's 2010 Quadrennial Homeland Security Review and the 2010 Bottom-Up Review, the first complete effort undertaken by the Department to align its resources with a comprehensive strategy to meet the Nation's homeland security needs.

The budget builds on the progress the Department has made in each of its mission areas while also providing essential support to national and economic security.

Mission 1: Preventing Terrorism and Enhancing Security.—Protecting the United States from terrorism is the cornerstone of homeland security. DHS's counterterrorism responsibilities focus on three goals: preventing terrorist attacks; preventing the unauthorized acquisition, importation, movement, or use of chemical, biological, radiological, and nuclear materials and capabilities within the United States; and reducing the vulnerability of critical infrastructure and key resources, essential leadership, and major events to terrorist attacks and other hazards.

Mission 2: Securing and Managing Our Borders.—DHS secures the Nation's air, land, and sea borders to prevent illegal activity while facilitating lawful travel and trade. The Department's border security and management efforts focus on three interrelated goals: effectively securing U.S. air, land, and sea borders; safeguarding and streamlining lawful trade and travel; and disrupting and dismantling transnational criminal and terrorist organizations.

Mission 3: Enforcing and Administering Our Immigration Laws.—DHS is focused on smart and effective enforcement of U.S. immigration laws while streamlining and facilitating the legal immigration process. The Department has fundamentally reformed immigration enforcement, focusing on identifying and removing criminal aliens who pose a threat to public safety and targeting employers who knowingly and repeatedly break the law.

Mission 4: Safeguarding and Securing Cyberspace.—DHS is the Federal Government lead agency for securing civilian government computer systems and works with industry and State, local, tribal, and territorial governments to secure critical infrastructure and information systems. DHS analyzes and mitigates cyber threats and vulnerabilities; distributes threat warnings; and coordinates the response to cyber incidents to ensure that our computers, networks, and cyber systems remain safe.

Mission 5: Ensuring Resilience to Disasters.—DHS provides the coordinated, comprehensive Federal response in the event of a terrorist attack, natural disaster, or other large-scale emergency while working with Federal, State, local, and private-sector partners to ensure a swift and effective recovery effort. The Department's efforts to build a ready and resilient Nation include fostering a community-oriented approach, bolstering information sharing, improving the capability to plan, and providing grants and training to our homeland security and law enforcement partners.

In addition to these missions, DHS leads and supports many activities that provide essential support to national and economic security, including, but not limited to, maximizing collection of customs revenue, maintaining the safety of the marine transportation system, preventing the exploitation of children, providing law enforcement training, and coordinating the Federal Government's response to global intellectual property theft. DHS contributes in many ways to these elements of broader U.S. national and economic security while fulfilling its homeland security missions.

The following are highlights of the fiscal year 2013 budget.

PREVENTING TERRORISM AND ENHANCING SECURITY

Guarding against terrorism was the founding mission of DHS and remains our top priority. The fiscal year 2013 budget safeguards the Nation's transportation systems through a layered detection system focusing on risk-based screening, enhanced targeting, and information-sharing efforts to interdict threats and dangerous people at the earliest point possible. The budget supports the administration's Global Supply Chain Security Strategy across air, land, and sea modes of transportation by strengthening efforts to prescreen and evaluate high-risk containers before they are shipped to the United States and annualizing positions that provide the capacity to address security vulnerabilities overseas. Funding is included for Securing the Cities to protect our highest risk cities from radiological or nuclear attack and continues efforts to support national bio preparedness and response efforts. The budget also continues strong support for State and local partners through a new consolidated grant program, training, fusion centers, and intelligence analysis and information sharing on a wide range of critical homeland security issues.

- Strengthening Risk-Based Aviation Security.*—The fiscal year 2013 budget supports DHS's effort to employ risk-based, intelligence-driven operations to prevent terrorist attacks and to reduce the vulnerability of the Nation's aviation system to terrorism. These security measures create a multi-layered system to strengthen aviation security from the time a passenger purchases a ticket to arrival at his or her destination. The fiscal year 2013 budget:
 - Supports trusted traveler programs, such as TSA PreCheck (Pre✓™) and the CBP Global Entry program, which are pre-screening initiatives for travelers who volunteer information about themselves prior to flying in order to potentially expedite screening at domestic checkpoints and through customs.
 - Continues support for passenger screening canine teams included in the fiscal year 2012 enacted budget, an important layer of security to complement passenger checkpoint screening at airports, assist in air cargo screening, and enhance security in the mass transit environment.
 - Funds the continued operation of technology to screen passengers and baggage through 1,250 advanced imaging technology units, which safely screen passengers for metallic and non-metallic threats, and 155 new state-of-the-art explosives detection systems to efficiently screen baggage for explosives which will reduce the number of re-scans and physical bag searches.
 - Expands Secure Flight to cover the Large Aircraft and Private Charter Standard Security Program, screening an estimated 11 million additional passengers annually. Through Secure Flight, TSA pre-screens 100 percent of all travelers flying within or to the United States against terrorist watchlists before passengers receive their boarding passes.
- Enhancing International Collaboration.*—In our increasingly globalized world, DHS continues to work beyond its borders to protect both national and economic security. The fiscal year 2013 budget supports DHS's strategic partnerships with international allies and enhanced targeting and information-sharing efforts to interdict threats and dangerous people and cargo at the earliest point possible.
 - Through the Immigration Advisory Program and enhanced in-bound targeting operations, CBP identifies high-risk travelers who are likely to be inadmissible into the United States and makes recommendations to commercial carriers to deny boarding. The fiscal year 2013 budget also supports initiatives to interdict and apprehend criminals and persons of national security interest, and disrupt those who attempt to enter the United States with fraudulent documents.
 - Through the Visa Security Program and with Department of State concurrence, ICE deploys trained special agents overseas to high-risk visa activity posts to identify potential terrorist and criminal threats before they reach the United States. The fiscal year 2013 budget supports efforts to leverage IT solutions and the capabilities of our law enforcement and intelligence community partners to increase ICE's efficiency in screening visa applications in order to identify patterns and potential national security threats.
 - Through pre-clearance agreements, CBP screens passengers internationally prior to takeoff through the same process a traveler would undergo upon arrival at a U.S. port of entry, allowing DHS to extend our borders outward while facilitating a more efficient passenger experience. The fiscal year 2013 budget continues to support CBP's preclearance inspection efforts, which are designed to determine compliance with admissibility of agriculture, customs, and immigration requirements to the United States.
- Supporting Surface Transportation Security.*—The transit sector, because of its open access architecture, has a fundamentally different operational environment than aviation. Accordingly, DHS helps secure surface transportation infrastructure through risk-based security assessments, critical infrastructure hardening, and close partnerships with State and local law enforcement partners. The fiscal year 2013 budget supports DHS's efforts to bolster these efforts.
 - The new fiscal year 2013 National Preparedness Grants Program, described in more detail below, is focused on building national capabilities focused on preventing and responding to threats across the country, including the surface transportation sector, through urban search and rescue teams, canine explosive detection teams, and HAZMAT response as well as target hardening of critical transit infrastructure.
 - Conduct compliance inspections throughout the freight rail and mass transit domains; critical facility security reviews for pipeline facilities; comprehensive mass transit assessments that focus on high-risk transit agencies; and corporate security reviews conducted in multiple modes of transportation on a continuous basis to elevate standards and identify security gaps.

- Fund 37 visible intermodal prevention and response (VIPR) teams, including 12 multimodal teams. VIPR teams are composed of personnel with expertise in inspection, behavior detection, security screening, and law enforcement for random, unpredictable deployments throughout the transportation sector to prevent potential terrorist and criminal acts.
- Strengthening Global Supply Chain Security*.—The fiscal year 2013 budget supports the administration’s Global Supply Chain Security Strategy announced in early 2012, which presents a unified vision across air, land, and sea modes of transportation.
 - Supports increased targeting capabilities by updating rules in real time and providing CBP with 24/7 targeting capability.
 - Strengthens the Container Security Initiative, enabling CBP to prescreen and evaluate high-risk containers before they are shipped to the United States.
 - Continues support for positions to improve the coordination of cargo security efforts, accelerate security efforts in response to the vulnerabilities, ensure compliance with screening requirements, and strengthen aviation security operations overseas.
- Support to State and Local¹ Law Enforcement (SLLE)*.—The fiscal year 2013 budget continues support for State and local law enforcement efforts to understand, recognize, prevent, and respond to pre-operational activity and other crimes that are precursors or indicators of terrorist activity through training, technical assistance, exercise support, security clearances, connectivity to Federal systems, technology, and grant funding. Specifically, the budget focuses on:
 - Maturation and enhancement of State and major urban area fusion centers, including training for intelligence analysts and implementation of Fusion Liaison Officer Programs;
 - Implementation of the nationwide Suspicious Activity Reporting (SAR) Initiative, including training for front-line personnel on identifying and reporting suspicious activities;
 - Continued implementation of the “If You See Something, Say Something™” campaign to raise public awareness of indicators of terrorism and violent crime; and
 - State, local, tribal, and territorial efforts to counter violent extremism, in accordance with the Strategic Implementation Plan to the National Strategy on Empowering Local Partners to Prevent Violent Extremism in the United States.

The budget also supports efforts to share intelligence and information on a wide range of critical homeland security issues. The budget continues to build State and local analytic capabilities through the National Network of Fusion Centers, with a focus on strengthening cross-Department and cross-Government interaction with fusion centers. Through the Fusion Center Performance Program, DHS will assess capability development and performance improvements of the National Network of Fusion Centers through annual assessment and targeted exercises. Resources also enable the Office of Intelligence and Analysis, in partnership with the Office of Civil Rights and Civil Liberties and the Privacy Office to provide privacy, civil rights, and civil liberties training for fusion centers and their respective liaison officer programs. The Secretary’s focus on SLLE includes elevating the Office of State and Local Law Enforcement to a stand-alone office and a direct report.

—*Biological, Radiological, and Nuclear Threat Detection*.—Countering biological, nuclear, and radiological threats requires a coordinated, whole-of-government approach. DHS, through its Domestic Nuclear Detection Office (DNDO) and Office of Health Affairs, works in partnership with agencies across Federal, State, and local governments to prevent and deter attacks using nuclear and radiological weapons through nuclear detection and forensics programs and provides medical and scientific expertise to support bio preparedness and response efforts. The fiscal year 2013 budget supports the following efforts:

- Securing the Cities*.—\$22 million is requested for Securing the Cities to continue developing the domestic portion of the global nuclear detection architecture, the multi-layered system of detection technologies, programs, and guidelines designed to enhance the Nation’s ability to detect and prevent a radiological or nuclear attack in our highest risk cities.
- Radiological/Nuclear Detection*.—Supports the procurement and deployment of radiation portal monitors and human portable radiation detection systems, providing vital detection equipment to CBP and the U.S. Coast Guard to scan for radiological and nuclear threats. Included within the fiscal year 2013

¹“Local” law enforcement includes all law enforcement at the municipal, tribal, and territorial levels.

budget is an increase of \$20 million to procure mobile rad/nuc detection technology for front-line operators.

—*Technical Nuclear Forensics*.—Funds for the DNDO National Technical Nuclear Forensics Center support pre-detonation nuclear forensics, the integration of nuclear forensics capabilities across the interagency and national priorities for deterrence, attribution, and prosecution.

—*BioWatch*.—Funds continued deployment of the Gen 1/2 BioWatch detection network, a federally managed, locally operated, nationwide bio-surveillance system designed to detect the intentional release of aerosolized biological agents. Continues development of the next generation technology to expedite response times.

—*National Bio and Agro Defense Facility (NBAF)*.—The fiscal year 2013 budget provides \$10 million to complement ongoing research at the Plum Island Animal Disease Center by accelerating research programs focused on African Swine Fever and Classical Swine Fever at Kansas State University. This effort will also identify and prioritize future research needs for the existing Biosecurity Research Institute and the proposed National Bio and AgroDefense Facility. Funding will support identifying high-priority agents from potential terrorist threats and emerging global foreign animal diseases; developing and executing the steps necessary for the facility to receive select agent certification and the waivers necessary to study the high-priority agents; and developing public outreach plans to ensure that all stakeholders surrounding the facility understand the value of the proposed work and the safeguards in place. To complement its ongoing research, beginning in 2012, DHS's Science and Technology Directorate (S&T) will convene an expert and stakeholder taskforce, in conjunction with the interagency taskforce, to conduct a comprehensive assessment of whether and for what purpose a biosafety level 4 facility should be stood up, taking into account the current threats from terrorism, foreign animals, and the global migration of zoonotic diseases to the United States. The assessment will review the cost, safety, and any alternatives to the current plan that would reduce costs and ensure safety within the overall funding constraints established by the BCA.

—*Presidential Candidate Nominee Protection and Inauguration Protection*.—The fiscal year 2013 budget funds critical Secret Service operations and countermeasures to protect the First Family and visiting dignitaries, including the conclusion of the 2012 presidential campaign (October–November 2012) and presidential inaugural events. The budget also continues support for the replacement of protective equipment, vehicles, training of personnel, and other infrastructure to allow the Secret Service to improve the execution of its protective and investigatory missions.

SECURING AND MANAGING OUR BORDERS

Protecting our Nation's borders—land, air, and sea—from the illegal entry of people, weapons, drugs, and contraband is vital to homeland security, as well as economic prosperity. Over the past several years, DHS has deployed unprecedented levels of personnel, technology, and resources to the Southwest border. At the same time, DHS has made critical security improvements along the northern border while strengthening efforts to increase the security of the Nation's maritime borders.

The fiscal year 2013 budget continues the administration's unprecedented focus on border security, travel, and trade by supporting 21,370 Border Patrol agents and 21,186 CBP officers at our ports of entry as well the continued deployment of proven, effective surveillance technology along the highest trafficked areas of the Southwest border. To secure the Nation's maritime borders, the budget invests in recapitalization of Coast Guard assets and provides operational funding for new assets coming on line.

—*Law Enforcement Officers*.—The budget annualizes border security personnel funded through the fiscal year 2010 Emergency Border Security Supplemental Act (Public Law 111–230) and the journeyman pay increase, totaling 21,370 CBP Border Patrol agents and 21,186 CBP officers at ports of entry who work around the clock with Federal, State, and local law enforcement to target illicit networks trafficking in people, drugs, illegal weapons, and money and to expedite legal travel and trade.

—*Border Intelligence Fusion Section (BIFS)*.—The budget supports efforts to integrate resources and fuse information from DHS, the Department of Justice (DOJ), the Department of Defense, and the Intelligence Community at the El Paso Intelligence Center, providing a common operating picture of the Southwest border and Northern Mexico.

- Technology.*—Funding is requested to support the continued deployment of proven, effective surveillance technology along the highest trafficked areas of the Southwest border. Funds will be used to procure and deploy commercially available technology tailored to the operational requirements of the Border Patrol, the distinct terrain, and the population density within Arizona.
- Infrastructure.*—CBP is updating and maintaining its facilities infrastructure to support its dual mission of securing the border and facilitating trade and travel. Currently, CBP's facilities plan calls for the following land border ports of entry (LPOEs) to be completed in fiscal year 2013: Nogales West/Mariposa, Arizona; Guadalupe, Texas; Van Buren, Maine; and phase I of San Ysidro, California. Additionally, design and construction is planned to commence on phase II of San Ysidro, California, and CBP will begin implementing the Tier III Outbound Infrastructure program across 10 Southwest border LPOEs in order to implement a range of outbound infrastructure improvements. This work bolsters CBP's southbound inspection capabilities while facilitating processing efficiency and ensuring port security and officer safety.
- Northern Border Security.*—To implement the United States-Canada Beyond the Border Plan, which articulates a shared vision to work together to address threats at the earliest point possible while facilitating the legitimate movement of people, goods, and services, the budget provides \$10 million to support northern border technologies, such as the continuation of procurement/testing and evaluation efforts for low flying aircraft detection, the deployment of maritime detection project, and aircraft video downlink.
- CBP Air and Marine Procurement.*—To support CBP Air and Marine's core competencies of air and marine law enforcement, interdiction, and air and border domain security, funding is requested for the continuation of the P-3 Service Life Extension Program, a UH-60 A-L Black Hawk helicopter recapitalization, a new KA-350 CER multi-role enforcement aircraft, and various marine vessels.
- U.S. Coast Guard Recapitalization.*—The fiscal year 2013 budget fully funds the sixth national security cutter (NSC), allowing the Coast Guard to replace its aged, obsolete high endurance cutter fleet as quickly as possible. The budget supports the procurement of two fast response cutters, funding for a maritime patrol aircraft, four cutter boats, and makes a significant investment in the renovation and restoration of shore facilities. The budget also provides funds to crew, operate, and maintain two maritime patrol aircraft, 30 45-ft response boats-medium, and two fast response cutters acquired with prior-year appropriations.

ENFORCING AND ADMINISTERING OUR IMMIGRATION LAWS

DHS is focused on smart and effective enforcement of U.S. immigration laws while streamlining and facilitating the legal immigration process. Supporting the establishment of clear enforcement priorities, recent policy directives, and additional training for the field, the budget continues the Department's efforts to prioritize the identification and removal of criminal aliens and repeat immigration law violators, recent border entrants, and immigration fugitives. Nationwide implementation of Secure Communities and other enforcement initiatives, coupled with continued collaboration with DOJ to focus resources on the detained docket and priority cases on the nondetained docket, is expected to continue to increase the number of criminal aliens and other priority individuals who are identified and removed. The budget provides the resources needed to address this changing population, while continuing to support Alternatives to Detention, detention reform, and immigrant integration efforts. The budget also focuses on monitoring and compliance, promoting adherence to worksite-related laws through criminal prosecutions of egregious employers, form I-9 inspections, and expansion of E-Verify.

- Secure Communities.*—The fiscal year 2013 budget includes funding to complete nationwide deployment in fiscal year 2013 of the Secure Communities program, which uses biometric information and services to identify and remove criminal and other priority aliens found in State prisons and local jails. Secure Communities is an important tool in ICE's efforts to focus its immigration enforcement resources on the highest priority individuals who pose a threat to public safety or national security. While we continue to focus our resources on our key priorities, DHS is committed to ensuring the Secure Communities program respects civil rights and civil liberties. To that end, ICE is working closely with law enforcement agencies and stakeholders across the country to ensure the program operates in the most effective manner possible. We have issued guidance regarding the exercise of prosecutorial discretion in appropriate cases, including cases involving witnesses and victims of crime, and implemented enhanced

- training for State and local law enforcement regarding civil rights issues related to the program, among other recent improvements.
- Immigration Detention.*—Under this administration, ICE has focused its immigration enforcement efforts on identifying and removing criminal aliens and those who fall into other priority categories including repeat immigration law violators, recent border entrants, and immigration fugitives. As ICE continues to focus on criminal and other priority cases, the agency anticipates reducing the time removable aliens spend in detention custody. Consistent with its stated enforcement priorities and recent policy guidance, ICE will continue to focus detention and removal resources on those individuals who have criminal convictions or fall under other priority categories. For low-risk individuals, ICE will work to enhance the effectiveness of Alternatives to Detention (ATD), which provides a lower per day cost than detention. To ensure the most cost-effective use of Federal resources, the budget includes flexibility to transfer funding between immigration detention and the ATD program, commensurate with the level of risk a detainee presents.
 - 287(g) Program.*—In light of the nationwide activation of the Secure Communities program, the budget reduces the 287(g) program by \$17 million. The Secure Communities screening process is more consistent, efficient and cost-effective in identifying and removing criminal and other priority aliens. To implement this reduction in 2013, ICE will begin by discontinuing the least productive 287(g) task force agreements in those jurisdictions where Secure Communities is already in place and will also suspend consideration of any requests for new 287(g) task forces.
 - Detention Reform.*—ICE will continue building on current and ongoing detention reform efforts in 2013. ICE will implement its new Risk Classification Assessment nationwide to improve transparency and uniformity in detention custody and classification decisions and to promote identification of vulnerable populations. In addition, ICE will continue implementation of the new Transfer Directive, which is designed to minimize long-distance transfers of detainees within ICE's detention system, especially for those detainees with family members in the area, local attorneys, or pending immigration proceedings. ICE will also continue implementation of revised national detention standards designed to maximize access to counsel, visitation, and quality medical and mental healthcare in additional facilities.
 - Worksite Enforcement.*—Requested funds will continue the Department's focus on worksite enforcement, promoting compliance with worksite-related laws through criminal prosecutions of egregious employer violators, form I-9 inspections, civil fines, and debarment, as well as education and compliance tools.
 - E-Verify.*—\$112 million is provided to sustain funding for the E-Verify program operations and enhancements to help U.S. employers maintain a legal workforce. The fiscal year 2013 budget includes funding to support the expansion of the E-Verify Self Check program, a voluntary, free, fast, and secure online service that allows individuals in the United States to check their employment eligibility status before formally seeking employment. Consistent with funding the continued operation of E-Verify for the benefit of U.S. employers, the budget also extends E-Verify authorization for an additional year.
 - Immigrant Integration.*—The fiscal year 2013 budget includes \$11 million to continue support for U.S. Citizenship and Immigration Services (USCIS) immigrant integration efforts through funding of citizenship and integration program activities including competitive grants to local immigrant-serving organizations to strengthen citizenship preparation programs for permanent residents.
 - Systematic Alien Verification for Entitlements (SAVE).*—The fiscal year 2013 budget includes \$20 million in appropriated funding to continue support for USCIS SAVE operations and enhancements to assist local, State, and Federal agencies in determining individuals' eligibility for public benefits on the basis of their immigration status. The funding will supplement the collections derived from the SAVE query charges.
 - USCIS Business Transformation.*—The fiscal year 2013 budget continues the multi-year effort to transform USCIS from a paper-based filing system to a customer-focused electronic filing system. This effort is funded through the Immigration Examinations Fee account.

SAFEGUARDING AND SECURING CYBERSPACE

DHS leads the Federal Government's efforts to secure civilian government computer systems and works with industry and State, local, tribal, and territorial governments to secure critical infrastructure and information systems. The fiscal year

2013 budget makes significant investments in cybersecurity to expedite the deployment of EINSTEIN 3 to prevent and detect intrusions on Government computer systems; increases Federal network security of large and small agencies; and continues to develop a robust cybersecurity workforce to protect against and respond to national cybersecurity threats and hazards. The budget also focuses on combating cyber crimes, targeting large-scale producers and distributors of child pornography and preventing attacks against U.S. critical infrastructure through Financial Crimes Task Forces.

- Federal Network Security*.—\$236 million is included for Federal Network Security, which manages activities designed to enable Federal agencies to secure their IT networks. This funding supports Federal Executive branch civilian departments and agencies in implementing capabilities to improve their cybersecurity posture in accordance with the Federal Information Security Management Act, while enabling improved continuous monitoring of network activity and other capabilities to address evolving cyber threats.
- National Cybersecurity Protection System (NCPS)*.—\$345 million is included for Network Security Deployment, which manages the NCPS operationally known as EINSTEIN. NCPS is an integrated intrusion detection, analytics, information-sharing, and intrusion prevention system that supports DHS responsibilities within the Comprehensive National Cybersecurity Initiative mission. In fiscal year 2013, the program will continue to focus on intrusion prevention while taking steps to improve its situational awareness of evolving cyber threats to Federal networks and systems through a Managed Security Services (MSS) solution. Under the MSS solution, each Internet service provider will use its own intrusion prevention services that conform to DHS-approved security, assurance, and communication requirements.
- US-Computer Emergency Readiness Team (US-CERT Operations)*.—\$93 million is included for US-CERT Operations. As the operational arm of the National Cyber Security Division, US-CERT leads and coordinates efforts to improve the Nation's cybersecurity posture, promote cyber information sharing, and manage cyber risks to the Nation. US-CERT encompasses the activities that provide immediate customer support and incident response, including 24-hour support in the National Cybersecurity and Communications Integration Center. As more Federal network traffic is covered by NCPS, additional US-CERT analysts are required to ensure cyber threats are detected and the Federal response is effective.
- Multi-State Information Sharing and Analysis Center*.—Funding is included to expand the Multi-State Information Sharing and Analysis Center to 25 States to provide the capacity to cover all States by fiscal year 2015.
- Cybersecurity Workforce*.—The fiscal year 2013 budget includes \$12.9 million to provide high-quality, cost-effective virtual cybersecurity education and training to develop and grow a robust cybersecurity workforce that is able to protect against and respond to national cybersecurity threats and hazards.
- Cybersecurity Research and Development*.—The fiscal year 2013 budget includes \$64.5 million for S&T's research and development focused on strengthening the Nation's cybersecurity capabilities.
- Cyber Investigations*.—The fiscal year 2013 budget continues to support cyber investigations conducted through the Secret Service and ICE. In fiscal year 2013, ICE will continue to investigate and provide computer forensics support for investigations into domestic and international criminal activities, including benefits fraud, arms and strategic technology, money laundering, counterfeit pharmaceuticals, child pornography, and human trafficking, occurring on or through the Internet. The Secret Service's Financial Crimes Task Forces will continue to focus on the prevention of cyber attacks against U.S. financial payment systems and critical infrastructure.

ENSURING RESILIENCE TO DISASTERS

The Department's efforts to build a ready and resilient Nation focus on a whole community approach to emergency management by engaging partners at all levels to ensure that we work together to build, sustain, and improve our capability to prepare for, protect against, respond to, recover from, and mitigate all hazards. In the event of a terrorist attack, natural disaster, or other large-scale emergency DHS provides the coordinated, comprehensive Federal response while working with Federal, State, local, and private-sector partners to ensure a swift and effective recovery effort.

To ensure that FEMA is able to support these efforts, the DRF, which provides a significant portion of the total Federal response to victims in Presidentially de-

clared disasters or emergencies, is funded largely through an authority provided under the BCA. To support the objectives of the National Preparedness Goal and to leverage limited grant funding in the current fiscal environment, the administration proposes a new homeland security grants program in fiscal year 2013 to create a robust national response capacity based on cross-jurisdictional and readily deployable State and local assets. The fiscal year 2013 budget also funds FEMA's continued development of catastrophic plans, which include regional plans for response to biological events and earthquakes.

State and Local Grants.—The fiscal year 2013 budget includes \$2.9 billion for State and local grants, over \$500 million more than appropriated by Congress in fiscal year 2012. This funding will sustain resources for fire and emergency management grants while consolidating all other punts into the new, streamlined National Preparedness Grant Program (NPGP). The fiscal year 2013 NPGP will:

- Focus on the development and sustainment of core national emergency management and Homeland Security capabilities.
- Utilize gap analyses to determine asset and resource deficiencies and inform the development of new capabilities through a competitive process.
- Build a robust national response capacity based on cross-jurisdictional and readily deployable State and local assets.

Using a competitive, risk-based model, the NPGP will use a comprehensive process for identifying and prioritizing deployable capabilities; limit periods of performance to put funding to work quickly; and require grantees to regularly report progress in the acquisition and development of these capabilities.

—*Assistance to Firefighters Grants.*—The fiscal year 2013 budget provides \$670 million for Assistance to Firefighter Grants. Included in the amount is \$335 million for Staffing for Adequate Fire and Emergency Response (SAFER) grants to retain and hire firefighters and first responders—totaling more than 1,700 firefighter positions nationwide—and \$335 million for equipment, training, vehicles, and related materials. Whereas in prior years, a management and administration allowance has been carved out of the topline, the fiscal year 2013 budget proposes to fund it elsewhere, effectively increasing the funding available for actual awards by more than \$28 million. The administration proposed \$1 billion as supplemental SAFER appropriations in fiscal year 2012 as part of the American Jobs Act. This proposal included the authority for the Secretary to waive certain restrictions on the award and expenditure of SAFER grants to assist State and local firefighting agencies in the current economic environment and prevent unnecessary job losses. If economic conditions warrant, the administration will once again work with Congress in fiscal year 2013 to seek authority to waive these restrictions.

—*Emergency Management Performance Grants (EMPG).*—The fiscal year 2013 budget includes \$350 million to support emergency managers and emergency management offices in every State across the country. Just as with the Assistance to Firefighter Grants, a management and administration allowance has historically been carved out of the topline. The fiscal year 2013 budget proposes to fund management and administration elsewhere, effectively increasing the funding available for actual awards by approximately \$10.5 million. EMPG supports State and local governments in developing and sustaining the core capabilities identified in the National Preparedness Goal and achieving measurable results in key functional areas of emergency management.

—*Disaster Relief Fund (DRF).*—A total of \$6.1 billion is provided for the DRF. Of this amount, \$608 million is included in the Department's base budget with the remainder provided through the disaster relief cap adjustment, pursuant to the BCA. The DRF provides a significant portion of the total Federal response to victims in Presidentially declared disasters or emergencies.

—*National Flood Insurance Program (NFIP).*—The NFIP is funded entirely by policy fees and provides funding to reduce the risk of flood damage to existing buildings and infrastructure by providing flood-related grants to States, communities, and tribal nations. The fiscal year 2013 budget includes \$120 million for three interrelated mitigation grant programs to increase America's resiliency to floods.

—*Training/Exercises.*—The fiscal year 2013 budget includes \$183.5 million for training and exercise activities to support Federal, State, and local officials and first responders. In fiscal year 2013, the Department expects to train more than 100,000 first responders and will begin the first full 2-year exercise cycle under the revised National Exercise Program (NEP). The NEP will leverage more than a dozen exercises across the country and will build progressively to a capstone exercise in calendar year 2014.

—*Emergency Management Oversight.*—The fiscal year 2013 request includes \$24 million in base resources for the Office of the Inspector General to continue its Emergency Management Oversight operations.

PROVIDING ESSENTIAL SUPPORT TO NATIONAL AND ECONOMIC SECURITY

DHS provides essential support to many areas of national and economic security. In addition to supporting Coast Guard's current operations in the polar regions, the budget initiates acquisition of a new polar icebreaker to address Coast Guard emerging missions in the Arctic. The budget also continues to support ICE's and CBP's enforcement and investigative efforts to protect U.S. intellectual property rights and collect customs revenue.

—*Polar Icebreaking Program.*—The budget provides \$8 million to initiate acquisition of a new polar icebreaker to ensure the Nation is able to maintain a surface presence in the Arctic region well into the future and \$54 million to fund operation and maintenance of Coast Guard's existing polar icebreakers, CGC *Healy* and CGC *Polar Star* (*Polar Star* to be reactivated in 2013).

—*Arctic Mission Support.*—New funding is requested for recapitalization and expansion of helicopter hangar facilities in Cold Bay and recapitalization of aviation refueling facilities at Sitkinak, both in Alaska. These investments will sustain DHS's ability to establish effective presence in the Bering Sea and Aleutian Chain, the "Gateway to the Arctic."

—*Collect Customs Revenue.*—Funds are requested to support CBP's role as a revenue collector for the U.S. Treasury—customs revenue remains the second largest source of revenue for the Federal Government. These resources support effective internal controls that protect the duties and taxes (over \$37 billion in 2011) collected by CBP.

—*Protect Trade and Intellectual Property Rights Enforcement.*—The fiscal year 2013 budget includes funds to support ICE's and CBP's enforcement programs to prevent trade in counterfeit and pirated goods, enforce exclusion orders on patent-infringing goods and goods in violation of intellectual property rights (IPR), and investigate the smuggling and distribution of counterfeit goods and products that pose risks to public safety and security. The budget also provides \$10 million to CBP for IPR supply/distribution chain management which will transform IPR risk assessment, increase efficiency, and support U.S. economic competitiveness. This CBP private-sector partnership program aims to improve IPR targeting by enabling CBP to identify and release shipments of authentic goods without inspection. Additional funds will expand CBP's Industry Integration Centers to address issues within critical trade sectors by increasing uniformity of practices across ports of entry, facilitating the timely resolution of trade compliance issues nationwide, improving enforcement efforts, and further strengthening critical agency knowledge on key industry practices.

CONCLUSION

The fiscal year 2013 budget proposal reflects this administration's strong commitment to protecting the homeland and the American people through the effective and efficient use of DHS resources. As outlined in my testimony today, we will continue to preserve front-line priorities across the Department by cutting costs, sharing resources across components, and streamlining operations wherever possible.

Thank you for inviting me to appear before you today. I look forward to answering your questions and to working with you on the Department's fiscal year 2013 budget request and other homeland security issues.

CYBERSECURITY: INTERAGENCY AGREEMENT

Senator LANDRIEU. Thank you very much, Madam Secretary.

Let me begin with a question on cybersecurity because that really is on the front line and in the forefront of our minds, given the exercise yesterday and the growing awareness that Congress really must act on this.

Tell us why is it essential for the Senate to act on this? The Lieberman-Collins bill outlines one path forward. I understand that that bill was built on a memorandum of understanding that was signed in 2010 between you and Secretary Gates. And this subcommittee will have the responsibility to fund a lot of what the authorization committee decides to do.

So could you take just a minute and explain why it is important for the Senate to act and how the Lieberman-Collins bill reflects the general agreement between you and the Secretary of Defense?

Secretary NAPOLITANO. Senator, we find that cybersecurity is perhaps the fastest growing area of threat that we confront, and we also think we have a small window of opportunity to act now to prevent growing damage in the future.

Last year, our Department, through something called the U.S. Computer Emergency Readiness Team (US-CERT), which is in the National Protection and Programs Directorate (NPPD), one of the divisions of our Department, responded to 106,000 cyber incidents. We issued 5,200 actionable alerts. We did 72 industrial control system assessments.

This work is only growing. The budget contains within it monies to allow us to deploy EINSTEIN 3, which helps protect Federal-civilian networks and also allows and helps create a fund for the agencies of the Federal Government and expands our personnel in the cyber arena.

The bill to which you refer was partially constructed on a memo of agreement I signed with Secretary Gates, where we both agreed that we shouldn't duplicate the National Security Agency (NSA) and that the NSA needed to be accessible both in the military context and in the civilian context. And so, what it provides is the ability to basically cross-assign employees from DHS to the NSA and vice versa and for us, with the rules regarding civil liberties and privacy, to be able to use the technology and the information that the NSA gathers.

We need that bill, and we need an approach that requires the core critical infrastructure of this country to unanimously reach at least a base level of security. Their effect on the public, should they be subject to cyber attack, could be extraordinary.

And the bill has a very light approach to how that is done. We will do it in conjunction with the private sector. But in our judgment, it is required to improve information sharing, create a base level of security throughout the Nation's private cyber networks, and to maximize our potential to prevent or minimize an attack.

CRITICAL INFRASTRUCTURE

Senator LANDRIEU. And let me ask you this. We always talk about critical infrastructure, and I think the two that come immediately to mind for me and for many is the oil and gas infrastructure, the utility infrastructure. But are there one or two other major infrastructure, private—banking, that would be a third, finance infrastructure.

Are there any others that we should be focused on as well that are complicated to figure out how this partnership would be developed between that particular industry and the Government?

Secretary NAPOLITANO. Right. The way the bill is structured, not all what we would call critical infrastructure is, indeed, covered. It requires us to do a risk assessment, and only covered critical infrastructure would be asked to raise their level to a base standard.

Senator LANDRIEU. Clearly, major refineries, major pipelines, utilities.

Secretary NAPOLITANO. Indeed. And so, the second step would be for us to work with those core critical infrastructure entities to develop common standards for a baseline of security and information sharing that we could use to detect and prevent a cyber attack.

PAY AND HIRING

Senator LANDRIEU. I want to ask you just to consider the role that the National Guard—I know it is not under the Department of Homeland Security, but I am going to send you and the Department of Defense (DOD) a letter. When you think about hiring the warriors that are necessary to fight this cyber war, some of these skills in the marketplace, I mean, people are paid hundreds of thousands of dollars in these high-skilled fields.

It is going to be hard for us to hire people at hundreds of thousands of dollars. What occurs to me is that the National Guard, along with the Departments of Defense and Homeland Security, by having basically part-time civilians could play a significant role in this. And I will broach that with you at a later date.

Let me ask one more question—

Secretary NAPOLITANO. But if I might, Chairman?

Senator LANDRIEU. Yes.

Secretary NAPOLITANO. Senator, one of the provisions of the bill, of the Lieberman-Collins bill would allow the Department of Homeland Security to be exempted from some of the civil service limitations on pay and hiring to make us more competitive in the workforce.

Senator LANDRIEU. Because that is going to be the real—

Secretary NAPOLITANO. I think the NSA and the DOD already have that. We would like the same thing.

GRANTS

Senator LANDRIEU. That is going to be a real challenge, and we will talk about that.

Let me ask one final question. Then we will go to the others, and I will come back for a second round. Let us talk about the FEMA Homeland Security Grant Program reform just a bit more because this is going to be a big part of our discussions this year. Tell us in just a minute or two a little bit more detail.

The President has proposed adding \$500 million, but basically collapsing the four major programs into one. One of the concerns that I have reading and reviewing it is that the money looks like it gets distributed to the States on a formula, part population and part risk. But as you know, our disaster response systems work from the smallest level of government up.

Local government is the first one potentially to know, like the police officer on Times Square that saw the smoke coming out of the automobile. It wasn't the Federal Bureau of Investigation (FBI) on the ground. It wasn't your good staff on the ground. It was a local police officer.

So what I want to make sure is that whatever we do, we are really recognizing the importance of local government in charge of disasters. The State then steps in, and then the Federal Government. So could you just give a comment? Do you recognize that that is the way that these threats are sometimes recognized at the

local level and that we are going to spend our money helping and supporting that effort?

Secretary NAPOLITANO. Yes. And we do that through a number of ways, through the Suspicious Activity Reporting (SAR) Initiatives, SAR that we support; through the support of the fusion centers, which share intel and analysis throughout the country. We recognize through training and other initiatives that you are exactly right, that that front-line officer is often the eyes and ears that help us prevent an attack.

The reason we are proposing a new vision for grants is that we are now in kind of grants phase II. I mean, the Congress has already distributed \$35 billion across the country. We can see from the disaster response we had last spring and even just last weekend that States and localities now have a capacity and capability they didn't have 5 or 10 years ago.

We think it is appropriate to put more money into grants. I think the Congress cut it too deeply last year. But to consolidate grant programs so that we can distribute the money on the basis of risk and analysis, looking at gaps across localities, across regions, making sure that we have a security safety net across the country.

Senator LANDRIEU. I think that makes a lot of sense.

Senator Coats.

Senator COATS. I would just like to follow up on that because this is obviously a significant part of the budget, and it is probably the most politically directed part of the budget that we have to deal with. And I guess my question goes to how are you going to go forward in terms of identifying those critical core segments, which, frankly, need a disproportionate share of the money because they are more critical, and they are more core.

I think what I heard you say is, is that the expenditures to date, the \$35 billion distributed across the country regardless of the size of community and so forth, that you are saying that base capabilities are essentially funded to this point, and, therefore, we have the luxury now of focusing more of these grants toward the critical areas?

Secretary NAPOLITANO. Over the past years since the creation of the Department, the Congress has invested \$35 billion, which not just through FEMA, but throughout the country has enabled us to do training, to help with hiring, to buy equipment, to sustain the maintenance of equipment so that now we have capabilities across the country that we didn't have a few years ago.

However, we continue to face continuing disasters, emergencies of different types. So we need to be able to sustain that safety net. We think the \$500 million in additional grant funding the President requested is necessary to do that, and we also think, however, that we don't need a dozen different grant programs now.

We can consolidate them, which is an administrative savings, both for us and for the grantees, and really look at risk gaps, where we need capabilities, where we don't. By way of example, not every community needs a search and rescue team. But you certainly need search and rescue teams in a region that can get to a place very quickly.

Not every community needs the same type of hazmat team, but you certainly need to be able to make sure that every region of the

country, every part can be covered. So what we would like to do in our vision is to consolidate, streamline, and focus on risk.

There will still be a small base level of grants that will be distributed according to a population-driven formula. But beyond that, we really want to move to a risk-based approach.

Senator COATS. And I think we need to do that, and I commend you for doing so.

Another question I have is how did you assess that we need \$500 million? What metrics did you look at in terms of the effectiveness of the \$35 billion in order to come up with a number of the additional \$500 million being needed?

Secretary NAPOLITANO. We looked at a number of things, Senator. We looked at unmet needs. We looked at the fact that States and localities have had to lay off people and postpone maintenance and other things they normally would have done, but because of the recession they were not able to do.

We looked at where we think we have gaps across the country. We looked at the costs that are associated with keeping a vehicle facility operational over a period of time. We looked at manpower costs. So we looked at all of that to come up with the \$500 million figure.

Senator COATS. And has there been outside assessment? Has the Congressional Budget Office (CBO) or anybody gone back and looked at the last 10 years and basically said here is what works, here is what hasn't worked as well, and here is what doesn't work at all? Recommendations as to how to better allocate and distribute the money. Is anything done like that?

Secretary NAPOLITANO. I don't know whether CBO has. I know that from time to time, the Government Accountability Office (GAO) has looked at different grant programs.

Senator COATS. I meant to say GAO.

Secretary NAPOLITANO. Yes, and so forth. And we have agreed with a number of GAO recommendations and implemented them, particularly with respect to evaluation and accountability.

Senator COATS. And I would urge you to keep doing that. We are a big country. Every good member of Congress represents a particular area and sees that—represents that that is a critical core. But some are—we need to triage that. We just simply don't have the money, and we need to go to the core competitive process.

So I will be happy to support you in that.

Secretary NAPOLITANO. Thank you.

CYBERSECURITY BILLS

Senator COATS. The last question I have and just a little bit of time remaining is, as you know, there is the Lieberman-Collins bill, which we have discussed in some detail and talked about last evening also. There is another bill in process out there. I don't want to call it a competing bill, and members are going to have to look at the two.

Have you had a chance to look at some of the elements of that second bill Senator Chambliss and Hutchison and others are proposing and look at areas where they might dovetail or where we can coordinate with the Lieberman-Collins bill and other areas

where the one adds more or less? And if you haven't, do you intend to do that?

Secretary NAPOLITANO. I have looked at it. And I think that there are some areas where there is a consensus. I think there is a consensus on the need for more robust information sharing, a consensus on the need for Federal Information Security Management Act of 2002 (FISMA) reform.

There are some things in what I will call the McCain bill, for ease of reference, that we think are misplaced and we would hope to work through. One is I think it needs and we need a stronger incentive for critical core infrastructure to have raised the level of overall cybersecurity because the public interest needs to be accounted for more fully.

Another concern I have with it is putting a lot of the cybersecurity effort in the Department of Commerce, which heretofore really hasn't been involved. It has been DOD and DHS, and I believe that that is where we decided to put it 2 years ago. That is where we are growing it. That is where the expertise is. I don't know why we would add another Department.

And last, some of the reforms such as I mentioned to Chairman Landrieu that would allow us to pay a higher salary and hire more quickly in the cyber arena I don't think are included in the second bill, and I believe we need those.

Senator COATS. Okay. Thank you.

My time has expired. Thank you, Madam Chairman.

Senator LANDRIEU. Thank you.

I think we go to Senator Tester? Yes, Senator Tester.

I am sorry. Senator Lautenberg, go ahead.

GRANT PROGRAMS FUNDING

Senator LAUTENBERG. If I might, thank you, Madam Secretary.

It is so interesting here and throughout much of our Government to see that new theories in economics and business management are developing. Before 9/11, we didn't need all of the services that you and all of us are responsible for.

And so, when I look at this and I say, if I was in the retail business and my nearby competitors were cutting prices or offering more, I would say, we have got to adjust to that competition. If you are on a football field and you are behind a couple of touchdowns, you might change your tactics. You would likely change your tactics or change your jobs. And no suggestion therein, Madam Chairman.

But the fact is that with all of the threats that we have, they are not diminishing. No one is saying there are less threats than we had before. Our competition is getting wiser, more adept, and we have to step up and meet those challenges because this isn't the loss on the scoreboard. This is the loss on the home and the community and our country.

And last year, spending cuts proposed by House members and mandated by the debt limit deal led to deep reductions in State and local grant programs, helps keep residents safe, safe in high-risk States like mine and the metropolitan New York area. In order to more with less, your budget wisely calls for an increase in preparedness grants.

What will be the impact on our security if Congress again cuts funding for these programs?

Secretary NAPOLITANO. We rely for homeland security on a partnership with States and localities. The Federal Government cannot do this job alone, and so States and localities have to have the ability to be the first responders, to be the front line, to be the eyes and ears on the ground.

That means they need the equipment, the personnel, and the training with which to do that. That is where the grants primarily go, and that is why we need to have more funding, as the President has requested, in the grant program. We need those partners. They are part of the same team that we are on.

Senator LAUTENBERG. Yes. Nothing secures more support from a State or community than a matching fund, a fund that if matched can be substantially more effective. When distributing 2012 urban area grants, DHS gave special priority to certain high-risk areas and didn't cut any funds for one region.

The Port of New York/New Jersey region is within the most at-risk area for a terrorist attack, according to the FBI, and terrorists have targeted this area on multiple occasions. Now, as DHS looks ahead to the upcoming 2012 port security grant process, how does DHS prioritize these areas?

Secretary NAPOLITANO. When we award the port and security grants, Senator, they will be based on an analysis of risk, just as we did with the UASI grants. So when I announced the UASI grants for 2012, as you note, we kept New York City whole, even though that overall grant program had been cut substantially. For a few other locations, we cut maybe 10 percent, 12 percent.

But in order to accommodate that, some of the lower risk areas were cut 40 percent or 50 percent, and then we reduced the number of funded UASI locations by about half.

Senator LAUTENBERG. Madam Chairman, can we say to the public at large don't worry about it? You're going to be safer. We have less money to deal with the problems. We know that the threats are ever larger, ever more ominous. Weaponry skills at doing bad things have improved on their side.

Can we say to the public at large don't worry about it? You are safer, even though we are forced to spend less on it. I don't think so, and we have to get that message out there.

I don't want to scare the public, but I do want it to be realistic out there. So when people go to work or people go to school or have to take care of a hospital visit, whatever it is, that they are not at higher risk because we have less to deal with. And it is a message that has to get out there again.

Thank you very much, Madam Chairman.

Senator LANDRIEU. Thank you, Senator.

And because we go back, we have Senator Moran, Tester, and then Cochran. Is that everybody's schedule?

Senator MORAN. Madam Chairman, I yield my time to the ranking member of the full committee, the Senator from Mississippi.

Senator COATS. Wise move.

Senator LANDRIEU. Wise move.

See, this is how he gets special help.

Senator COCHRAN. Thank you very much.

I appreciate very much the undertaking of this job by our Secretary, Secretary Napolitano, with her background and experience. I think you bring to the challenge of this job a lot of good experience and knowledge and understanding of what the challenges are that we face in homeland security.

And so, I commend you for the efforts you are making and also organizing the briefing that we had on cybersecurity, bringing us up to date on the latest dangers that our country faces. It really is a sobering and important undertaking that she is leading on behalf of our Government. So we wish you well in that regard.

Secretary NAPOLITANO. Thank you, Senator.

COAST GUARD VESSELS

Senator COCHRAN. For parochial interests, we build ships in Mississippi.

Secretary NAPOLITANO. I have noticed that.

Senator COCHRAN. Have a great reputation for excellence of construction, and we know that some of the Coast Guard cutters and other vessels used by the Coast Guard to good advantage in protecting our homeland security are built by our and other yards around the country. Do you have enough money requested in this budget to meet the needs for modernizing and keeping up to date with the needs for ships and boats for the Coast Guard?

Secretary NAPOLITANO. Yes, we do. Within the constraints of the Budget Control Act, where you don't get everything you could possibly want, the Commandant and I really looked at what does the fleet need to meet the changing roles of the Coast Guard? The Commandant's number one priority was funding the sixth national security cutter, and that is included in the budget.

With respect to fast response cutters, the Congress appropriated money for four 2 years ago, for six last year. We request two for this year, which gives us a 3-year pattern of four each year, and we believe that fits within our fleet plan.

With respect to other assets of the Coast Guard, again, we look at the air assets and the small boats and some of those things, and we think they fit overall within an integrated mission plan for the Coast Guard.

Importantly, the budget requests \$8 million to begin planning for another polar icebreaker. I believe this is going to be an important asset for us to have, particularly with increased drilling up in the Arctic regions, and I would ask the Congress to favor that request.

DISASTER FUNDING

Senator COCHRAN. We had some devastating storms in the Deep South and flooding in the entire Lower Mississippi River Valley. I know the Coast Guard was actively involved in assessing damages and trying to protect our commercial interests along the river system that we have in the Deep South.

Do you have requests in the budget this year for our consideration for any needed improvements or modernization of your fleet?

Secretary NAPOLITANO. As I said, we have in the budget a request for the sixth cutter. We have requests in the budget for replacing helicopters with a different type of helicopter. We have in the budget the assets necessary for that, but also for FEMA.

And part of what you are referring to goes back to the grants issue. We want to make sure that we have the monies available for State and localities in the case of a disaster such as we had last spring.

Senator COCHRAN. Yes. Thank you very much for being here and your cooperation with our subcommittee.

Secretary NAPOLITANO. Thank you, sir.

Senator LANDRIEU. Thank you.

Senator TESTER.

Senator TESTER. In the sense of true courtesy and magnanimity, I would yield to the Senator from Kansas, since he was here ahead of me.

Senator LANDRIEU. Do you see how well our subcommittee gets along? Isn't this great?

Senator MORAN. I thank the gentleman from——

Senator TESTER. Montana.

Senator MORAN [continuing]. Montana. Madam Chairman, thank you very much.

Secretary Napolitano, I join the Senator from Mississippi in his kind comments about your job performance and the task that you face, and I am always impressed by the level of knowledge and expertise that you have with virtually no notes in front of you and very few references to the folks who sit behind you. And so, I appreciate the value you bring to the job you do.

And one of the significant tasks, the sad fact is that I probably have about 5 minutes to visit with you today and maybe 10 if we have a second round of questions, and so I want to focus on a topic of importance to the country, but also to the State of Kansas.

NATIONAL BIO AND AGRO-DEFENSE FACILITY

You and I have had conversations in every hearing that I have been in that you have been the witness about the National Bio and Agro-Defense Facility (NBAF) and about its importance of being constructed and completed and meeting our country's needs for a safe and secure food and animal environment. As I indicated to you previously, the disappointment that the President's budget is inadequate—in fact, requests no money this year for the continuation of that project.

We have appropriated now a significant amount of money, in the millions of dollars, both the State of Kansas and the Federal Government, and already available for you to expend is \$40 million to advance the cause of building the utility features necessary for site construction. My colleague from Kansas, Senator Roberts, and I, along with the Senator from Missouri, Mrs. McCaskill, wrote you a letter in March asking you to proceed, as you are now authorized to do, to release the \$40 million.

As a result of the most recent study being completed, you are now authorized to release that money so that we can begin the necessary arrangements to put the utilities in place. Already Kansas has put its money into that task, and we now await the promised Federal commitment.

And the President's budget, while it requests no money, indicates the reason it is not requesting money is that you want to do a reassessment. You have indicated to me and you have indicated pub-

licly that that reassessment has nothing to do with the need to build NBAF and nothing to do with the site selection. It is a matter of scope, based upon budgetary issues.

And based upon your commitment that it has nothing to do with site or with the need to build NBAF, I would again encourage you, as the Secretary of Department of Homeland Security, to release the \$40 million, the Federal component of the utility features of the facility, so that the construction is not delayed even further.

Our conversations, in fact, privately and in the last hearing in which you and I were together, you indicated that, again, the reason was related to lack of resources to proceed. The \$40 million is there, and any failure for the Department of Homeland Security in my view, and I would hope in your view, who has testified so many times about the value and importance of this facility, a delay in its completion ought not be anything that we tolerate.

And as I indicated to you in our last conversation in the hearing that it makes little sense to me that if your explanation for why the President's budget requests no money is that Congress needs to appropriate more money than they have, there is little value in you asking for nothing. That the idea that the administration would ask for nothing and use as an explanation that we really need more money than Congress has appropriated to date is self-defeating.

We need your help. We need to be able to say to the Department of Homeland Security that the administration still believes this is an important priority, as you say in words but not reflected in the President's budget. And in fact, I heard you testify today about the Congress' failure to fund grants adequately, but you are still asking for the grant money because it is a priority within the Department.

And so, I am disappointed that the budget document doesn't reflect the priorities that you have but would indicate that you have an opportunity to make certain that the efforts to complete this facility are not further delayed by releasing the \$40 million that you now have the authority to release and would appreciate your response to that request.

Secretary NAPOLITANO. Thank you, Senator.

The NBAF issue is the proverbial rock in a hard place. The President has asked in prior years for monies for the NBAF that the Congress has not appropriated. And indeed, the Congress has asked that we do additional studies with respect to risk and the like.

Those studies have now been completed. It shows that there is a de minimis risk of any escape of foot and mouth disease from a locale in Kansas. I am very strong in my belief that we need the NBAF and that it should be in Kansas, which was the winning contestant for the locale.

In light of the Budget Control Act and some of the other additional layers that have been asked to be looked at by the Congress, we have decided, let us look at scope and costs now in light of that, and I have asked the National Academy of Sciences, who did the most recent risk assessment, to help us with that.

That will be related to the Central Utility Plant (CUP) because if there is some change in scope of the project, that will probably have some relationship to what actually has to be built for the

CUP. But we have \$90 million in unexpended funds for the NBAF, and we are going to move step by step in that direction.

We could use the help of the Congress in telling us whether the Congress is serious about ultimately appropriating the cost of the project, which now because of the time it has taken and the additional requirements imposed is about 25 percent higher than was originally projected.

Senator MORAN. Madam Chairman? The Department intends to preserve the \$90 million for ultimate construction of the facility based upon the assessment as to the size and scope?

Secretary NAPOLITANO. Yes, we have made no decision what to do with that \$90 million. It is just being held. We know that there is interest in Kansas in proceeding with the CUP. You and your colleagues have made that very, very clear.

I have spoken with the Governor. He has another idea for how we ultimately fund the construction of the NBAF, and he has promised to get me those materials very quickly. So our ears are open. Our desire is keen. The problem, quite frankly, is the money.

Senator MORAN. My time has expired. Thank you.

Senator LANDRIEU. Thank you.

Senator TESTER.

Senator TESTER. Yes, thank you, Madam Chairman.

I also want to echo the thoughts of many who have said today thank you for the work you do. You have got a difficult job, and I think you have done it well.

Secretary NAPOLITANO. Thank you.

LEVEES

Senator TESTER. I have got a couple of questions that deal, first one, with levees. We have talked about this before. I think every drainage has levees that there are some issues between the Army Corps and FEMA as far as what their standards are.

And I know there have been requests to make sure that you guys can use the information that you both have so the certification standards are similar. Can you give me an update as if this work is in process, has been done, and if you have got any agreement from the Army Corps or you agree with the Army Corps on what certification standards should be the standard so we don't have two different sets of rules?

Secretary NAPOLITANO. We are working with the Army Corps. We are also working with localities on being flexible in terms of how we adjudicate the levee issues. And after my visit to Montana, and other places around the country, I have come to recognize what a hardship some of these levee requirements are.

On the other hand, we need the protection, and we need some way to make sure that we don't continue building in areas that are a true danger.

Senator TESTER. I understand. What I am talking about is existing levees and red tape on duplication between the Army Corps and FEMA, if we could get you both on the same page. And I do appreciate you working with local communities. I think that is critical.

Secretary NAPOLITANO. I think we are working through that.

PUBLIC LAND LAWS

Senator TESTER. Okay. Thank you very, very much.

In recent months, Congress has considered several different pieces of legislation, proposals that would waive public land laws in this country in the name of border security. The most egregious of these, in my opinion, is a bill called H.R. 1505 in the House.

It would grant you, the Department of Homeland Security, unprecedented power to do as it sees fit on public lands within 100 miles of the northern border. And Montana happens to have about 550 or so miles with Canada. And look, I think we have had conversations about agencies to agree. I think in the past, you have talked about memorandum of understandings that currently exist.

I think a one-size-fits-all in this particular instance—because we both know the northern border and the southern border are two different borders—is it doesn't fit well. And I don't think it is about catching bad guys. I think it is about allowing governmental agents to build roads and watchtowers and buildings in places where other agencies, even tribal units, would not have any input. Even the Park Service, Glacier Park being a huge economic driver in my State, being one.

Could you give me an idea on what you feel about H.R. 1505, whether it is good policy or bad? And basically, maybe talk about the interdepartmental relationships that you have currently?

Secretary NAPOLITANO. In my judgment, H.R. 1505 is unnecessary, and it is bad policy. We don't need it for our immediate border control needs. We already have an agreement with the Department of Interior. If we are doing a chase or there are exigent circumstances, we can go onto lands without having to seek prior approval or any of that.

But as you say, we do do construction projects, integrated fixed towers, watchtowers, roads, and I think it highly appropriate, given the nature of those public lands, that we work with the Department of Interior when we do that.

Senator TESTER. I want to thank you for that, and I want to thank you for your work, working with other departments, breaking down the silos, so to speak, between them. I think it is critically important.

PLUM ISLAND NATIONAL BIO AND AGRO-DEFENSE FACILITY

Senator Moran would be disappointed if I didn't talk about NBAF also. So I will.

Senator MORAN. I thought your willingness to cooperate based upon your yielding time to me would suggest you have taken a new approach.

Senator TESTER. It is all about making sure the Government spends its money wisely and effectively.

Thank you, Senator Moran.

Hey, I want to ask a couple of things because this is a very serious matter because it deals with disease, disease in our livestock, making sure that we are ahead of the game that will give our producers every advantage that they have in a worldwide market.

You referenced a previous study talked about—I believe it was 70 percent potential for a release over its 50-year lifetime. You said

that you have done an update to the risk of the NBAF in Kansas. It is de minimis, less than 0.1 percent, which is perfectly—we are in the ballpark. So on that line, I have changed my perspective.

The problem is, is that it is a billion-dollar expenditure to hit that de minimis amount. Has the Department looked at other options here? I mean, and it is nothing against Kansas. It is just that it is in the heartland, and if we are going to have to spend this kind of money to make it de minimis because of tornadoes or whatever natural disaster that can occur, has the Department—we are ping ponging you a little bit, Madam Secretary, and I apologize.

But has the Department looked at other options, more safe options? Is the Plum Island facility still an option?

Secretary NAPOLITANO. We have looked. And I have looked personally. I mean, I spent a day up at Plum Island, met with the scientists up there. I have spent some real time going through the NBAF plans.

Here is the problem. Plum Island is not adequate. We can't build the size of a facility for large animal research that we need to have to really have a level 4 laboratory that meets the needs of the country.

The question for the Congress is if the Congress wants to have a level 4 laboratory that can deal with large animal zoonotic disease, and we believe that that is an important thing to have, then at some point there has to be a commitment to fund it.

Senator TESTER. Okay. Just one last thing, if I might, Madam Chairman?

The Senator from Kansas talked about the kind of millions that have been invested already. To make it up so that there is a de minimis likelihood of a release, what kind of money are we talking about in today's dollars to finish this facility?

Secretary NAPOLITANO. Our estimate is that the total cost to build will be between \$1 billion and \$1.1 billion.

Senator TESTER. And does that include the billion additional dollars to make it de minimis?

Secretary NAPOLITANO. Yes. That is the cost with the additional requirements, yes, sir.

Senator TESTER. With the additional requirements, \$1.2 billion.

Secretary NAPOLITANO. One to \$1.1 billion.

Senator TESTER. One to \$1.1 billion.

Secretary NAPOLITANO. Yes.

Senator TESTER. Just want to be clear. Thank you very much.

Senator LANDRIEU. Senator Murkowski.

Senator MURKOWSKI. Thank you, Madam Chairman.

Madam Secretary, welcome.

Secretary NAPOLITANO. Thank you.

POLAR ICEBREAKERS

Senator MURKOWSKI. I want to take you back up north and discuss our capabilities in the Arctic, an issue that you and I have had an opportunity to talk about, and I want to thank you and your office, your staff, for your support of the recent Coast Guard mission that helped to escort the Russian fuel tanker, the Renda, through the ice to Nome to help not only Nome, but the surrounding villages receive fuel supply for the winter.

The good news is they are going to make it through the winter, and the better news is that they are not having to pay \$9 a gallon for their fuel. So that is significant.

I also need to commend you. You helped us address a Jones Act issue in the midst of holiday time, and it was greatly appreciated.

But I think that whole episode up north only served to highlight the need that we have for icebreaking capacity in this country, the fact that we have only one operational icebreaker. This is not just an issue that the Alaska delegation raises here. I was addressing the legislature a couple of weeks ago. It is a high, high priority.

And Madam Chairman, I have a letter from one of our representatives in the State house relating to the concern that Alaskans have for the need for icebreaking capacity, and I would like to submit his letter as part of this subcommittee record, if I may?

Senator LANDRIEU. Without objection.

[The information follows:]

LETTER FROM BOB HERRON, STATE REPRESENTATIVE, ALASKA HOUSE OF REPRESENTATIVES

MARCH 8, 2012.

RE: HJR 34—Expressing to Congress the Immediate Need for Coast Guard Icebreakers and an Arctic Base in Alaska

The Alaska Northern Waters Task Force's final report was released January 30, 2012. HJR 34 formalizes two prominent recommendations of the task force and calls for the United States to:

1. Forward base the U.S. Coast Guard in the Arctic; and
2. Fund icebreakers and other ice-capable vessels.

The entire Arctic region is experiencing increased human activity related to shipping, oil and gas development, commercial fishing, and tourism and this increased activity leads to a commensurate need for immediate investment in the United States Arctic to enable the responsible development of resources; foster maritime commerce, safeguard the well-being of Arctic residents and ecosystems; facilitate emergency and disaster preparedness and response; and protect United States sovereignty.

The Coast Guard's mission in the Arctic is broad and it's becoming increasingly clear that the Coast Guard lacks the necessary assets to adequately complete its mission—without a corresponding increase in Arctic investment by the United States, this deficiency will only worsen over time. Having a sufficient number of ice-capable vessels (including shallow-draft vessels with icebreaking capability) is vital for the Coast Guard to fulfill its expanding mission in the Arctic.

Congress and the administration are mandated by multiple laws and policies to maintain icebreaking operations, including:

- A 1936 Executive Order from President Franklin Roosevelt;
- The Arctic Research Policy Act of 1984;
- The Coast Guard Authorization Act of 2010; and
- The 2011 Arctic Search and Rescue (SAR) agreement.

Should a tragedy—such as the recent wreck of the cruise ship *Costa Concordia* in Italy—occur in the Arctic, the Coast Guard would be hard pressed to respond with sufficient assets in a timely fashion given their single polar class icebreaker and their nearest base being in Kodiak, over 900 miles away from Alaska's Arctic coast,

Other countries fully understand the need for more icebreakers in the Arctic:

- Russia has a fleet of eight nuclear powered icebreakers;
- Canada has committed \$38 billion to a 30-year plan to build additional icebreakers and other ice-strengthened ships;
- Sweden, Finland, South Korea, and Japan have recently added icebreakers to their fleets; and
- China has a large icebreaking research ship and will have a second vessel operational in 2013.

Considering it will take from 7 to 10 years to design and construct just one new polar class icebreaker, it is time-critical that the United States fund and construct

additional icebreakers. Delay on this action will inevitably lead to undesirable consequences for the United States in the Arctic.

The Coast Guard must have a greater overall presence in the Arctic, with the ability to stage assets closer to future shipping, oil and gas drilling, and commercial fishing activities.

Considering all of the above, HJR 34, very appropriately I think, calls on Congress and the administration to fund all facilities and vessels necessary to enable the Coast Guard to fulfill its Arctic missions. This includes at a minimum an Arctic Coast Guard base and a sufficient number of ice-capable vessels, including shallow-draft vessels with icebreaking capability and polar class icebreakers—the latter through refurbishment of current icebreakers or acquisition of new ones. Naturally, long-term maintenance funding for all of the above should also be forthcoming.

Senator MURKOWSKI. Thank you.

And I note that in the President's budget, we have \$8 million that is requested for study and design of a new icebreaker. You and I both know that \$8 million does not get you an icebreaker.

I recognize that the request is \$860 million over the next 5 years, and how we are able to meet that schedule, given that the first year is \$8 million, one-tenth, it is something that causes me a little bit of concern. But I guess the question for you this morning is whether or not the icebreaker acquisition has become a higher priority for this administration?

And I further note that the national security cutter Nos. 7 and 8 are not on that funding list. Last year, when we had discussed this, they were, in fact. So has icebreaking capacity and our need to move forward aggressively taken a higher priority within this administration?

Secretary NAPOLITANO. If I might, Senator, let me address the icebreaker, and then I will address Nos. 7 and 8.

Senator MURKOWSKI. Okay. That is fine.

Secretary NAPOLITANO. But, yes, as I mentioned earlier, with the growing oil drilling presence up in the north part, north of Alaska and other greater activity up there, we believe that the country needs another icebreaker. We have got the *Polar Star*. It is in dry dock now. It will be out in a year.

We have the *Healy*, which is a medium-weight icebreaker and which helped escort the *Renda* in. When the *Healy* comes in for maintenance with the *Polar Star* in dry dock, we actually will not have an icebreaking capability. So that reason alone, I think, illustrates the need for a third.

The question for the Congress is somewhat similar to the question for the NBAF. When you have a large asset or capital expenditure that we know needs to be made, which is a priority, how does that get funded and appropriated over the construction life that is necessary?

Finding a billion dollars here and a billion dollars there in our budget means you would have to take it out of operations and front-line personnel. So this is a real question for the Appropriations Committee.

NATIONAL SECURITY CUTTERS

With respect to Nos. 7 and 8, we are—in light of what the Department of Defense is doing with respect to its budget reductions under the Budget Control Act, we are coordinating with the Chief of Naval Operations, looking at what the Navy is doing with its as-

sets, and then really correlating what Nos. 7 and 8 would do, should they be built.

So we think that, given where we are with the budget and the fiscal environment, before moving ahead on Nos. 7 and 8, we want to make sure we are coordinated with the Navy.

COAST GUARD MISSION IN ARCTIC OCEAN

Senator MURKOWSKI. Let me ask you this then. Because this summer, the Coast Guard is going to launch the largest ever deployment in the Arctic Ocean because, as you note, we have got much accelerated ship traffic, anticipated oil development up there. And the district 17 command has stated that these additional Arctic patrols and the personnel will necessarily involve diverting assets from elsewhere without a measurable budget increase.

So they are prepared to make this happen this summer, but you have got a situation where you pull from one area to divert the assets north. They are no longer in their regular operating areas.

And so, I guess the question to you is as we look to the evolving Arctic, as we look to the assets that we have up there, as we recognize that even if we weren't able to proceed this summer with oil exploration, which I certainly hope we will be, we are seeing a volume of shipping traffic that is unprecedented. Unprecedented, doubling year after year.

We are seeing tourism. We are seeing cruise ships up north in an area that nobody ever anticipated.

So for us to be able to respond, for the Coast Guard to carry out its mission in Arctic waters is—we are going to have to reassess to look at the situation, and the question to you this morning would be are you prepared to request that we provide for these critical assets so that the Coast Guard can retain its mission in these areas, fill these mission gaps that we are clearly going to have if we have to divert assets from one locale to another, and recognizing that some of the assets just simply cannot withstand the conditions in the North Pacific and in the Arctic?

Secretary NAPOLITANO. Indeed, and the Commandant is fully aware of that. The budget request reflects what we believe we need for the coming fiscal year. But we know that long term, everything evolves. Everything changes. And we may have to move other assets into that area.

But, yes, the President's budget request does reflect that.

Senator MURKOWSKI. We will continue working with you, pressing forward to make sure that not only people on this subcommittee understand, but that the Nation understands. We are an Arctic nation, and as such, we have got responsibilities. And those responsibilities require us to have the equipment and the assets and the infrastructure to move forward and maintain that.

Thank you, Madam Chairman.

COAST GUARD PERSONNEL

Senator LANDRIEU. Thank you, Senator Murkowski, for being such a champion.

And we are going to go through a very short second round and try to end this meeting at 11:30 a.m. or 11:35 a.m. if we can, just 3 minutes each.

Let me follow up on the Coast Guard while Senator Murkowski and Senator Cochran are here. In this budget that you have presented, Madam Secretary, there is a reduction of 1,000 personnel for the Coast Guard. Following up on what Senator Cochran said and Senator Murkowski, I think we are going to have to find a way forward. I am not sure how, but we want to work with you to provide some additional assets for the Coast Guard.

Not only is the sector 17 rapidly evolving in Alaska, but I was just in New Orleans with our sector, which is 8, and the sector, I think it is sector 7 off the coast of Miami, there is now drilling going on off the coast of Cuba that is not in American waters. But should there be an oil spill, it is going to affect the eastern seaboard of the United States.

So we have got lots, many evolving situations that we could not have predicted maybe 10 or 15 years ago, and these budget constraints are really constraining a part of the budget that at least our States rely on significantly and the whole country needs. So we are going to be working with you through this Coast Guard challenge.

I don't know if you want to respond just briefly? I know you are constrained, but we have got to figure out a way for these ice-breakers and these larger ships that are built in Mississippi, which we definitely need. The smaller ships are built in Louisiana.

But to try to find some way forward and perhaps using some of the new revenues generated from oil and gas might be a smart way to invest in the equipment necessary for the safety of the oil and gas industry, which isn't under your budget. But we might need to think about that because this budget is running into very significant barriers when it comes to the Coast Guard.

Secretary NAPOLITANO. If I might? The 1,000 reduction I think is wise, and we would suggest that it be taken. It is recruiting personnel that we don't need because we fill our recruitment in about a quarter or two.

You increased the intelligence division of the Coast Guard 200 percent over the last 3 years. We don't need to keep increasing that.

And then there is normal attrition in kind of the administrative and clerical support here in the District of Columbia that we also think we don't need. So the 1,000 compared to the overall personnel size of the Coast Guard, I think, is a wise and prudent reduction.

NATIONAL EMERGENCY RESPONSE CAPABILITIES REPORT

Senator LANDRIEU. And I appreciate that, and we will look at that carefully. But we are not in 100 percent agreement yet, but I will be respectful of those views. But the equipment side of the Coast Guard is a serious issue, and let me just ask my next question, then turn it over.

Last year, we had a hearing on the national emergency response capabilities. We called for an annual assessment. That assessment is due this March, March 12. Can we expect that report within the next 30 or 60 days? Are you aware of that report that you owe us? Because it is very difficult for us to assess and place our funding without that report from your Department.

Secretary NAPOLITANO. I believe that report is in the final stages of clearance. I hope to get it to you very quickly.

Senator LANDRIEU. Okay. Thank you.

Senator Coats.

AVIATION FEE INCREASE

Senator COATS. Just one question. Like last year's budget, the 2013 President's budget assumes that the Congress will introduce and pass an aviation fee increase. I don't know how much the dynamics have changed versus last year when we weren't successful in doing that.

But I note that the DHS budget assumes this is passed and \$117 million in additional collections will be available in the third quarter of the year. If it is not—and I assume that legislative proposal will be submitted on that—but, if it doesn't pass this year, what is your thinking relative to that \$117 million shortfall?

Secretary NAPOLITANO. I am hopeful that the Congress will give it a more favorable response, and we thank the efforts of the subcommittee there. As you know, that fee hasn't increased since 2002.

Now, one of the concerns raised by the Congress last year is that the fee increase was designed per enplanement so that, for example, people who don't live where there is a hub airport would always have to pay at least two fees. We took that into account this year. It is only per trip.

And when you compare what the air carriers are charging for checking luggage, which has shifted a huge cost over to us in terms of what we have to do at the gate, among other things, it really does move us in the right direction.

I would note, last, that I know we all get a lot of GAO reports, and I can't read them all. But one I did note was that in the recent report on reforms and redundancies in the Federal Government, on page 310, it does suggest that the Congress needs to revisit the issue of the fee.

Senator COATS. I am impressed you knew that page number.

Thank you.

Senator LANDRIEU. Senator Cochran.

COAST GUARD CAPITAL INVESTMENT PLAN

Senator COCHRAN. Madam Chairman, when we talked in the first questions about ship building and the need for Coast Guard cutters and modernizing and keeping up to date with the needs for ships and other assets, it occurs to me that we seem to be on a collision course with the Coast Guard about the needs for some assets that look to me to be very important.

It seems that the Office of Management and Budget (OMB) has probably tried to tamp down the request or needs for ship building against the recommendations of the Coast Guard leadership. OMB has forced DHS to eliminate ships from its plan, and the Coast Guard has been forced to devise an alternate, less preferable way to spend funds on aviation assets.

These are observations of mine, and my question is that when you look at the request for the Coast Guard for aircraft over the 5-year capital investment plan (CIP), it has nearly doubled from \$871 million in fiscal year 2012 to \$1.7 billion in the fiscal year

2013 request. Do you know of any change that has occurred in the Coast Guard's strategy or needs that necessitated this dramatic increase for aircraft at a time we are trying to deal with the challenges of fiscal restraint?

Secretary NAPOLITANO. I would say, Senator, that the CIP to which you refer is constantly being looked at and revised, and in fact, we, I think, owe you a revised document very shortly that should accommodate or go with the 2013 budget.

But again, I think a couple of things to be kept in mind. Number one, we funded the priorities stated by the Commandant, and he has testified that we have funded the priorities that he has for the Coast Guard.

Second, we are all operating under the bill the Congress passed, the Budget Control Act, and we need to meet those limitations. We all want to reduce the deficit as we move forward, and that has required all of us to look for places where we might not be able to fund everything, but we can fund the essential things.

And then, last, with respect to DHS, the budget is very personnel driven. We need border patrol agents. We need port inspection officers. We need TSA officers. We need FEMA employees. We need cybersecurity experts.

So, again, we get caught in this tension between buying long-term assets versus the real driver of the costs of the Department, which is personnel that are necessary on the front lines.

Senator COCHRAN. Thank you.

Senator LANDRIEU. Thank you.

Senator Moran.

POTENTIAL CONSEQUENCES OF DISEASE OUTBREAK

Senator MORAN. Madam Chairman, thank you very much.

Again, on NBAF, I feel sometimes it is seen as so provincial because the site is in Kansas. But we care a lot about this from the livestock aspect, the cost to the economy. We are an agricultural State. Livestock production is a significant component of that agricultural economic activity.

And so, this matters in an economic sense, and I understand in your response to the Senator from Montana's question about \$1 billion to \$1.1 billion in spending. But I do know that that may be a very small expenditure compared to the consequence of an outbreak of one of these diseases.

And in fact, the analysis when, in 2010, there was a foot-and-mouth disease outbreak in South Korea, it was estimated that that was a \$3 billion cost then for that one outbreak. Can you comment on how expensive, what the consequences, economic and other otherwise, would be in the absence of the ability to do this research and to be able to prevent or respond to an either accidental or intentional release of one of these dramatic occurrences?

Secretary NAPOLITANO. I think the impact could be huge. It could be interruption of the food supply. It could be reduction in our ability to export.

Depending on the disease and the type and the outbreak, it wouldn't surprise me that we would be facing something much larger than the cost of building an NBAF.

Senator MORAN. I noticed that Dr. DeHaven at the Department of Agriculture said recently that an episode, we would spend the amount of money that we would spend in building this facility in about 6 hours as a consequence to our economy.

So while all these efforts to protect our homeland are expensive, the consequences of our failure to do so are more expensive in the loss of life and the economic damage to our economy and our people. Is that true?

Secretary NAPOLITANO. Yes.

Senator MORAN. And I look forward to working with you to, again, continue this conversation about the release of the \$40 million and the land transfer that is now appropriate.

Thank you.

Secretary NAPOLITANO. Indeed. Thank you.

Senator LANDRIEU. Senator Murkowski.

AVIATION FEE STRUCTURE

Senator MURKOWSKI. Thank you, Madam Chairman, for the opportunity for a second question here.

I appreciate the clarification that you gave on the TSA passenger security fees. Of course, this is something that raises all kinds of anxiety back home because our costs for air travel are so considerable, and 80 percent of our communities are not connected by road. So we just have to fly everywhere.

And so, knowing that there was a potential where you could see a stepped-up fee on every leg of every journey was something that is not bearable. But if I understand you correctly, you are saying that it is a per trip.

So if I am going from Aniak to Bethel to Anchorage to Seattle—

Secretary NAPOLITANO. It is one fee.

Senator MURKOWSKI [continuing]. That is one fee. Okay. That helps. It is still going to raise some anxiety, but it helps to know that.

I understand further that under the President's budget request, it would allow you, as the Secretary, to raise the fees through regulation when necessary without coming through us. I am assuming that that is correct and—

Secretary NAPOLITANO. Yes. Yes, because I think the idea would be to have a fee structure in place that would rise to a capped level. In other words, we would never be able to just willy-nilly raise the fee.

But rather than having to come to Congress every year, which is sometimes difficult, it would give us the authority to go ahead and adjust the fee, as we do in other areas of the Department.

Senator MURKOWSKI. Right. But it would continue to be a maximum of \$5 per trip? That would be the limit?

Secretary NAPOLITANO. No, the plan would be, Senator, to raise the fee this year to \$5.50, and it would increase \$0.50 each year until fiscal year 2018 when it would remain capped at \$7.50.

Senator MURKOWSKI. And I guess the concern that I will express on behalf of my constituents that fly everywhere is be very cognizant that we have a situation in Alaska where our air fares will put everybody else to practically tears when you look at the cost

of air travel. And any fee, it may look like a little bit on a piece of paper, but these fees we all know add up and are an incredible impediment to most of my constituents.

AIR FREIGHT SECURITY FEES

On a related topic, I was down in a small community that is accessible only by air. They were talking about the TSA freight security fees and were giving me the example of how much a gallon of milk increases because of the security fees that are attached by TSA.

I am trying to understand a little bit more about how these are set, whether they are through TSA or through it is the individual air carriers. But I would like to work with your office on this in understanding it. Because again, it is adding to costs that are already close to prohibitively expensive when we are looking at higher gas prices, and I need to have just better understanding here.

Secretary NAPOLITANO. If I might, Senator Murkowski?

Senator MURKOWSKI. Yes.

Secretary NAPOLITANO. I am very sensitive to the needs of Alaskans in this regard, and why don't I have my staff set up a briefing for you on the fees, the fee structure, and what we anticipate for the security fee?

Senator MURKOWSKI. I would appreciate that, and I will share that with my constituents.

FLOOD PLAINS AND MAP

Madam Chairman, I know my 3 minutes have expired. I would just like to state here that in addition to the passenger fees and energy issues, I have people all over my State that are just upset, as upset as they can possibly be, about the FEMA flood plains and the maps.

I have got folks from Juneau to Fairbanks to the Mat-Su Borough that are saying we don't understand this. We don't know whether we have to get a LOMA or a LOMAR. We don't understand how we could have gone from a situation where we weren't close to any flood plain, and now, apparently, we are in jeopardy and we have to hire a civil engineer to basically move through this process.

Based on what I have heard from folks back home, my suggestion is you go back to the drawing board on this with wholesale reform, but really focus on understandability and customer service. I don't know what kind of heat you are getting from other quarters of the country, but it sure has caused a lot of consternation.

Secretary NAPOLITANO. We have heard from other—Senator Tester's question indicates other areas of the country. And we are working under a statutory program and mandate. So our flexibility is limited, and the overall goal is to have in the country a reasonable set of requirements for when you are in a flood plain and when you are not. And that makes a difference for insurance and all kinds of purposes.

Senator MURKOWSKI. And that all sounds reasonable.

Secretary NAPOLITANO. Yes, exactly right. So we are working with communities, and I will go back to FEMA and make sure that

we are looking specifically at some of the communities that you have, and we will work with you on that.

Senator LANDRIEU. Can I interject something here? And I appreciate, Senator Murkowski, first of all, the bill you refer to as statutory is the National Flood Insurance Program, which has not been authorized for quite a while over this issue and other issues. It keeps getting a temporary extension.

And one of the reasons we are not able to get a full extension is over this issue, and the other thing that is in that bill that I strongly object to is an automatic rate increase of 15 percent per year for people that may be in a flood plain. And it used to be that just Mississippi and Louisiana were in the flood plain, and we kept yelling and screaming about it. But now everybody is in a flood plain.

So I want to do a hearing on this, Senator, and I appreciate how problematic this is. But it is going to take work from our subcommittee and oversight of the core Committee to figure this out. But it is a major problem for our country.

I am going to close with just submitting to the record some response on the TSA aviation security fee because while it is controversial, the fact is the cost of providing security for our Nation through TSA has gone up 400 percent. The fee has not kept up with that, and we really need to look to the modest increase you have suggested.

But I will say that I have great sympathy for Alaska, and I am going to work with Senator Murkowski to think about some exemptions for Alaska that I am going to try to encourage my colleagues to accept. They are not just rural. They are in a category by themselves.

And I just think in a big country like ours, one size doesn't fit all. We try to do it all the time, and it doesn't work. So she knows that she has got my commitment to work with her and with the other Senator from Alaska to give them a little breathing room on some of this.

STRATEGIC PETROLEUM RESERVE OFFICE

And finally, my final question is the Jones Act. As you know, I do not support the President's call to release oil from the Strategic Petroleum Reserve Office (SPRO). I don't believe the SPRO was designed for that purpose. That is contrary to its intention, in my view.

But worse, last year when the SPRO was released, which had no impact on the price of oil at the pump, after it was, the Jones Act got waivers, received waivers from your Department 50 times. And when they get waivers, it means that ships built in America, owned by Americans, and crewed by Americans are pushed aside, and foreign vessels are allowed to come in.

So in our bill last year, as you know, I put language in that said the Jones Act cannot be waived without your consultation with the U.S. marine industry to determine the availability of American vessels. The President is contemplating. I hope he won't do it. But he is contemplating opening the SPRO again.

Have you been talking with our maritime folks to make sure that if he does that, which he has the right to do, although I think it

is ill-advised, that you are talking with the U.S. maritime to see if they have the capability to move this oil because it is going to come from refineries in Texas and Louisiana to other places along the country?

Secretary NAPOLITANO. I don't know whether there have been any specific discussions with respect to moving oil from SPRO. I do know, however, that before we approve a Jones Act waiver, there is a survey done.

We get recommendations. They come in from DOD, the Department of Energy, then up to me ultimately. And part of the analysis is, are there available marine vessels from the United States to carry the cargo?

Senator LANDRIEU. Please look at those U.S. vessels first, and only if you have to, please, use those foreign vessels. It is important to the manufacturing base in our country.

I thank the Secretary for her testimony.

Secretary NAPOLITANO. Thank you.

ADDITIONAL COMMITTEE QUESTIONS

Senator LANDRIEU. Questions for the record should be submitted by close of business on Tuesday, March 13.

[The following questions were not asked at the hearing, but were submitted to the Department for response subsequent to the hearing:]

QUESTIONS SUBMITTED BY SENATOR MARY L. LANDRIEU

SEQUESTRATION

Question. If Congress approves the President's request, the DHS budget will fall for the third straight year. This will necessitate tough decisions with real consequences for securing the Homeland. These cuts would be compounded in significant ways if, in January, the so-called sequestration, a 7.8-percent across the board cut, is implemented. I know that the President has proposed sufficient savings that, if enacted, would negate the sequestration, but please give me four or five examples of what impact such a sequestration will have on your efforts to secure the Homeland.

Answer. In the Budget Control Act (BCA), both parties in Congress and the President agreed to tight spending caps that reduce discretionary spending by \$1 trillion over 10 years. Discretionary spending is reduced from 8.7 percent of GDP in 2011 to 5.0 percent in 2022. The administration's fiscal year 2013 budget submission reflects that agreement, and difficult trade-offs were made to meet these very tight caps.

The BCA further specifies future reductions to discretionary and mandatory spending to achieve deficit savings if the Joint Select Committee on Deficit Reduction does not reach an agreement. Since these reductions are not scheduled to begin to take effect until January 2, 2013, their exact impact on the Department is not yet known and will be dependent upon the fiscal year 2013 appropriations are enacted by Congress.

In order to sustain front-line operations in recent years while facing declining budgets, the Department has taken significant reductions to administrative and mission support functions over the past 3 years. We've been able to achieve over \$3 billion in cost avoidances and savings.

Additional cuts of the magnitude outlined in the BCA sequestration would directly impact DHS's front-line operations—rolling back significant progress in securing our Nation's borders; increasing wait times at our Nation's land ports of entry and airports; impacting aviation and maritime safety and security; defending critical infrastructure from attack; hampering disaster response time; and eliminating the cybersecurity infrastructure that has been developed in recent years.

An 8-percent sequester cut, which is roughly the level anticipated by the BCA, translates to over \$3 billion in reductions to DHS activities and requirements. This cut is larger than the combined budgets of the Federal Law Enforcement Training

Center, the Science and Technology Directorate, Domestic Nuclear Detection Office, Analysis and Operations, Office of Health Affairs, and the Department's management and operations (total combined is \$2.7 billion).

CYBERSECURITY EDUCATION—CYBER INNOVATION CENTER

Question. In recent testimony on cybersecurity, you emphasized that increasing cyber education and awareness of the general public creates a more secure environment. As you have seen in Louisiana, the Cyber Innovation Center has developed a unique program that sparks students' interest in a cybersecurity career at an early age. The program also engages school teachers so the number of young people who will benefit from cybersecurity awareness is multiplied. Such programs can serve as a national model and I thank you for coming to Louisiana and seeing it firsthand.

Unfortunately, the fiscal year 2013 budget proposes a 13-percent decrease to the DHS Cybersecurity Education National Initiative. According to the request, this proposal will defer the full assessment of the national cybersecurity workforce by 2 years. The justification for the proposed cut is that funding will support higher priorities such as EINSTEIN and the United States Computer Emergency Readiness Team. This sounds as if we are relying on tools more than people to counter this dynamic threat. The DHS goal is to educate 1.7 million students within 10 years.

Has the goal to educate 1.7 million students changed? Can you clarify how this proposed cut would impact the timeframe to meet the goal?

Answer. The Senate Appropriations Committee established a goal for the Department of Homeland Security (DHS), in conjunction with the Department of Education, Department of Defense, the National Institutes of Standards and Technology, and the National Science Foundation, to develop a program to educate 1.7 million students within 10 years. Through the Integrated Cybersecurity Education Communities (ICEC) project, DHS is currently implementing a cyber education model in multiple communities across the Nation. The model includes teacher professional development, summer camps, and access to cyber-related high school curricula.

The goal to educate 1.7 million students in cybersecurity remains in place. DHS developed a roll-out schedule to reach two communities in fiscal year 2012 and two additional communities in fiscal year 2013. DHS's fiscal year 2012 funding for this project covers a 1-year demonstration project designed to allow DHS to observe the model in operation, observe the summer camps in operation, and test model portability as it is implemented. These projects and models will inform the overall Federal Government program.

The fiscal year 2013 budget provides funding to roll out the program to two communities. To reach the goal of educating 1.7 million students by fiscal year 2023, which represents a 1-year delay from the original goal,

IMPROVING TRADE PROCESSING AT OUR LAND BORDERS

Question. During my visit to the Southwest border last summer, I was amazed at the lines of vehicles and trucks extending deep into Mexico waiting to be inspected at ports in San Diego and Tucson. While some funding has been provided on a piecemeal basis to address immediate improvements at a few ports, the vast majority of the major truck and container trade ports of entry—on the southern and northern borders—are woefully outdated. A 2008 Government Accountability Office report estimated that \$6 billion is required to modernize and expand our land ports of entry. Yet there are no funds in your construction budget for any new port of entry expansion.

These delays at the border slow our national economy and cost Americans jobs. I recognize that this issue is larger than just this subcommittee's jurisdiction, but I am deeply concerned that it is not getting the attention it deserves and I intend to focus attention on it this year.

Trade processing is an ongoing responsibility of your Department. Do you share my concern about the lack of funding for land ports of entry construction and what more can we do about this issue?

Answer. We appreciate your concern about land ports of entry (LPOE) capital construction and modernization projects. A one-time injection of \$720 million received through the American Recovery and Reinvestment Act of 2009 provided much needed capital funding to support the LPOE modernization effort. The \$420 million appropriated for the CBP-owned ports allowed the agency to modernize much of the CBP-owned LPOE inventory. However, the \$300 million provided for the GSA-owned LPOEs represents only a fraction of what is required to recapitalize the GSA-owned portfolio. GSA-owned and leased inspection facilities comprise most of the

busiest, larger capacity LPOEs and represent 74 percent of all land ports operated by CBP, including 38 along the Southwest border. Additionally, the President's fiscal year 2012 budget requested \$2.2 billion for LPOE modernization as part of the \$50 billion targeted for transportation and infrastructure investments. The President's fiscal year 2013 budget assumes fiscal year 2012 funding of \$28 billion in Immediate Transportation Investments, as requested in the American Jobs Act, of which \$2 billion is for LPOE modernization.

The Immediate Transportation Investments proposal under the American Jobs Act includes nearly \$1.9 billion in projects to help address some of the most critical LPOE modernization priorities. The funding would support the modernization and replacement of LPOE facilities lacking the infrastructure capacity to fulfill the present day security and operational requirements of CBP. A list of the potential LPOE projects is provided below, as coordinated by CBP, GSA, and the Department of Transportation. CBP continues to explore alternative LPOE financing vehicles such as public-private and public-public opportunities outside of its traditional source of U.S. General Services Administration Federal Buildings Fund appropriations.

LAND PORT OF ENTRY PROJECTS IDENTIFIED FOR POTENTIAL INVESTMENT

Project	Project description
Alexandria Bay, NY	Replacement and expansion of the existing inspection facilities to add capacity through one additional inbound privately owned vehicle (POV) lane and four additional commercial lanes
Calexico West, CA (Phase I)	Reconfiguration and modernization of the existing port of entry
Calexico West, CA (Phase II)	Replace and expand the existing port facilities to improve site configuration and traffic flow to facilitate large volumes of pedestrian and bus passengers
Columbus, NM	Renovate and expand existing inspection facilities to add capacity
Hidalgo, TX	Reconfiguration and modernization of the existing port of entry
Laredo Bridge I, TX	Reconfiguration and expansion of the noncommercial and pedestrian areas
Laredo Bridge II, TX	Reconfiguration and expansion of the bus processing area
New International Trade Crossing, MI	New International crossing on the Detroit River
Niagara Falls—Lewiston Bridge, NY	Reconfiguration and modernization of the existing port of entry
Otay Mesa, CA	Reconfiguration and modernization of the area port of entry
Peace Bridge, NY	Reconfiguration and modernization of the existing port of entry
Port Huron—Blue Water Bridge, MI	Replace existing port with fully modernized facilities and infrastructure to support 21st century cross border travel, trade and security
San Luis I, AZ	Reconfiguration and modernization of the existing port of entry
San Ysidro, CA (Phase II)	Construct northbound pedestrian administration building; central detention facility
San Ysidro, CA (Phase III)	Realign Interstate 5, expand inbound lanes to 34, construct outbound secondary inspection, a repatriation building, and employee parking
GSA Staffing [all projects]	Project and Program Management
CBP Staffing [all projects]	Project and Program Management

LAND PORTS OF ENTRY

Question. I understand that the Mayor of McAllen, Texas, received \$7 million in Texas State funding for expansion of up to six lanes at one of the ports of entry. Apparently, at times it takes up to 3 hours to enter the United States at this port—so having more entry lanes could make a major impact. However, Customs and Border Protection rejected the funds because it does not have the manpower—the men and women officers—to staff additional inspection lanes. This is just one of many examples. I am frustrated that these short-sighted constraints result in the Government making penny-wise but pound-foolish choices.

It seems to me having more CBP officers can expedite the legal entry of people and the processing of goods which contribute to the Nation's economic well-being. This would result in lower cost products, fresher produce, and more jobs here at home. Why does your budget (or—your current system) prohibit the hiring of additional officers and result in turning away outside funding that could be used to address critical needs?

Answer. The fiscal year 2013 President's budget offers a legislative proposal to enter into reimbursable fee agreements for the provision of CBP services and any other costs incurred by CBP relating to such services. Current statutory limitations on CBP's authority to receive outside funding, except in narrowly defined instances, have prevented CBP from receiving reimbursement from private sector and international, State, and local partners. Funds collected pursuant to this section would

be deposited in the “U.S. Customs and Border Protection—Salaries and Expenses” account as offsetting collections and remain available until expended, without fiscal year limitation, and would be used to pay for any expenses incurred by CBP in providing CBP services and any other costs incurred by CBP relating to such services.

The proposed legislation would authorize CBP to receive reimbursement from corporations, Government agencies, and other interested parties for inspection services in the air, land, and sea environments at both the domestic and foreign locations. Also, the legislation would grant CBP the ability to receive reimbursement at international and landing rights airports that already receive inspection services. Finally, the legislation would allow CBP to collect reimbursable expenses including salaries, benefits, temporary duty costs, relocation and, as applicable, housing, infrastructure, equipment and training.

CBP AIR AND MARINE

Question. I am very concerned by your proposed 52-percent cut in procurement funding for CBP’s Air and Marine program. This is a critical program designed to push out our borders and interdict all forms of contraband threatening our country. From cocaine coming through the gulf to illegal aliens crossing our land border—we need to be able to find them and respond. Within Central America, the deteriorating security situation threatens citizen safety. Narcotics traffickers continue to establish trafficking routes to and through the region. Organized crime robs citizens of the confidence they need to earn a livelihood, provide for their families, and trust public officials to provide solutions. Unlike fixed towers and other types of technology planted along parts of the border, these planes, helicopters, and unmanned systems are mobile and rapidly deployable. They can respond to the threat—whether it is along our northern border, off the California coast, or deep into the Caribbean.

This \$72 million cut will result in fewer replacement aircraft being purchased and combined aircraft flight hours being cut from 107,000 hours in fiscal year 2010 to only an estimated 65,000 hours in fiscal year 2013.

Is it the Department’s plan to pull away from the drug and other interdiction missions in the source and transit zones? How can a 52-percent cut to procurement and no increase in operations be interpreted any other way?

[Staffing:] Provide the same list of Air and Marine positions to be lost under the budget proposal and their locations. On the list of Air and Marine positions being eliminated, indicate which positions are vacant and which will result from mandatory retirements.

Answer. The Department of Homeland Security remains fully committed to our counterdrug mission. Regarding CBP’s Air and Marine program, from fiscal year 2006 through fiscal year 2012, Congress provided CBP with over \$1 billion to accomplish the objectives laid out in our long-range plan to replace/upgrade CBP’s aging fleet of aircraft and marine vessels. The fiscal year 2013 President’s budget requests an additional \$67 million to continue the recapitalization effort. This level of funding represents nonrecurring costs from last year’s procurements. Operational impacts will be mitigated by recent equipment upgrades. For example, our surveillance aircraft can now conduct both short- and long-range surveillance at the same time, allowing us to fly one aircraft instead of two. In addition, National Guard support to the Border Patrol also recently began transitioning from boots on the ground to air support. The transition to air support is a strategic move that adds mobile, advanced surveillance and reconnaissance capability to the Border Patrol’s border security operations.

Answer. Since the merger of the legacy U.S. Border Patrol (OBP) and U.S. Customs Service aviation programs under CBP in 2005, the Customs and Border Protection Office of Air and Marine (OAM) has dramatically increased efficiency and effectiveness of CBP air operations in support of the Department of Homeland Security and its international, Federal, State, local, and tribal partners. Most of these efficiencies were captured through the acquisition of technologies that then drove or facilitated changes in CBP air operations including decreased operations cycle time, effective asset procurement/modernization, and innovative sensor system integration. These operations developments have then resulted in expanded mission functionality, vastly improved detection capability, real-time customer support/interface, decreased mishaps and system downtime, and consequently provided a significant increase in overall CBP aviation mission effectiveness. The CBP Office of Air and Marine (OAM) recapitalization plan is nearly complete, with more than \$1 billion appropriated by Congress from fiscal year 2006 through fiscal year 2012 to accomplish the objectives laid out in our long-range plan to replace/upgrade CBP’s aging fleet of aircraft and marine vessels. In the fiscal year 2013 request, funding is included to continue the P-3 aircraft service life extension effort, continue to up-

grade Black Hawk helicopters, and to purchase the seventh multi-role enforcement aircraft (MEA). With the funds appropriated in fiscal year 2012, the MEA production line should remain viable through fiscal year 2013.

The table shown below details the specific reductions to OAM staff, indicating those that resulted from mandatory retirements. As CBP retires aged, unsupportable aircraft and marine vessels from service, and new or upgraded assets are received, the work force will be rebalanced to ensure the most effective alignment of pilots, detection specialists, marine agents, and support personnel to operational assets. This will be accomplished without negatively impacting OAM's ability to provide support to front-line agents and officers.

**U.S. CUSTOMS AND BORDER PROTECTION OFFICE OF AIR AND MARINE FISCAL 2013
STAFF REDUCTIONS AND TRANSFERS**

Fiscal Year 2013 Staff Reductions:			
HQ Mission Support (NSLC)	MSA	GS-0301-9/10.	
NASOC Jacksonville	FE	GS-2185-12/3.	
Corpus Christi	MIA	GS-1801-12/2.	
Bellingham	MIA	GL-1801-9/2.	
NASOC Jacksonville	DEO	GS-1801-12/6.	
Rochester	MIA	GL-1801-09/6.	
Miami	AIA	GS-1881-13/10	Mandatory 2012
Buffalo	MIA	GS-1801-11/4.	
ASOC	IRS	GS-0132-13/8.	
NASOC Corpus Christi	AEO	GS-1801-09/11/12.	
Houma	MIA	GS-1801-11/1.	
San Angelo	AIA	GS-1881-13/7.	
Tucson	AIA	GS-1881-11/12/13.	
Port Angeles	MIA	GS-1801-11/1.	
Tucson	AMI	GS-1801-11/6.	
Houma	MIA	GL-1801-9/1.	
Houston	MSS	GS-0301-09/4.	
Miami	AIA	GS-1881-13/9	Mandatory 2012
Great Falls	AIA	GS-1881-13/4.	
ASOC	IRS	GS-0132-13/7.	
New Orleans	AIA	GS-1881-13/9	Mandatory 2012
HQ Mission Support (Logistics)	MPA	GS-343-13/4.	
Houston	AIA	GS-1881-13/5.	
Panama City	MIA	GL-1801-9/6.	
HQ Mission Support (NSLC)	MSS	GS-301-7/3.	
HQ Mission Support (HR)	MPA	GS-343-12/3.	
San Angelo	AIA	GS-1881-13/2.	
TSS NATC Oklahoma	Pilot	GS-2181-13/10.	
ASOC	IRS	GS-0132-13/9.	
AMOC	MSS	GS-0301-11/4.	
Marathon	MIA	GL-1801-9/1.	
San Diego	AMI	WG-8852-11/5.	
Erie	MIA	GS-1801-11/6.	
ASOC	IRS	GS-0132-13/7.	
San Angelo	AIA	GS-1881-13/10	Mandatory 2012
Bellingham	MIA	GS-1801-11/2.	
Miami	AIA	GS-1881-13/6.	
AMOC	DEO	GS-1801-12/6.	
Albuquerque	AEO	GS-1801-12/5.	
Houma	MIA	GS-1801-9/11/12.	
Buffalo	MIA	GS-1801-11/1.	
NASOC CB	DEO	GS-1801-12.	
NASOC Corpus Christi	DEO	GS-1801-12/5.	
HQ Operations	PM	GS-340-14.	
HQ Operations	PM	GS-340-14.	
Fiscal Year 2013 Mission Support Integration (Three Losses):			
HQ Mission Support (NSL)	MSS	GS-0301-12/1.	
Miami	MSS	GS-0303-09/2.	
San Diego	MSS	GS-0301-9/1.	

Acronyms:
 AIA—Air Interdiction Agent
 AEO—Aviation Enforcement Officer

AMI—Aviation Maintenance Inspector
 DEO—Detection Enforcement Officer
 FE—Flight Engineer
 IRS—Intelligence Research Specialist
 MIA—Marine Interdiction Agent
 MSS/MSA—Mission Support Specialist
 PM—Program Manager

PERMANENT STAFF TRANSFERS

Joint Operations Directorate (CBP HQ):		
Buffalo (used for salary offset)	MIA	GS-1801-12/2
Houston	AIA	GS-1881-13/8
Jacksonville	AIA	GS-1881-13/5
Miami (used for salary offset)	AEO	GS-1801-12/4
Rochester (used for salary offset)	MIA	GL-1801-9/1
San Angelo	AIA	GS-1881-13/10
San Antonio	AIA	GS-1881-13/10
Joint Field Command (AZ):		
HQ Operations	AIA	GS-1801-12/2
Sacramento	AIA	GS-1881-13/10
AMOC Phase B Transfer to OTIA (CBP HQ) (AZ):		
HQ Mission Support	PM	GS-0340-15/8
HQ Mission Support	PM	GS-0340-13
PPBA Programming Staff (HQ—Long Term Detail):		
Tucson	SAIO	GS-1801-14/2

Acronyms:
 AIA—Air Interdiction Agent
 AEO—Aviation Enforcement Officer
 AMI—Aviation Maintenance Inspector
 DEO—Detection Enforcement Officer
 FE—Flight Engineer
 IRS—Intelligence Research Specialist
 MIA—Marine Interdiction Agent
 MSS/MSA—Mission Support Specialist
 PM—Program Manager

SUMMARY

	Number
Law Enforcement Staff Reductions	30
Non-LE Front-Line Staff Reductions	7
Support Position Reductions	11
Total	48
Permanent Position Transfers	11
Total Reductions to Budgeted Staff	59

Note: Additional staff reductions were needed to meet grade-level requirements for some transfers; these are noted by the phrase "used for salary offset."

JONES ACT WAIVERS AND THE STRATEGIC PETROLEUM RESERVE

Question. The Jones Act requires vessels that transport goods between 2 points in the United States to be built, owned, and crewed by Americans. Customs and Border Protection waived the Jones Act nearly 50 times last summer to allow foreign-flagged vessels to transport crude oil from the Strategic Petroleum Reserve (SPR) from ports in Louisiana and Texas to refineries around the country. The SPR drawdown was authorized in response to the crisis in Libya and the increased cost of gas during the summertime driving season. I sent a letter to the President in August of last year, which was also signed by the chairman and ranking member of the House Homeland Security Committee and five others, criticizing the administration's decision to sideline U.S. mariners and provide Government contracts to foreign fleets when the primary purpose of the SPR drawdown was to help the U.S. economy.

The administration has indicated it may authorize another SPR drawdown this year as gas prices are once again on the rise and tensions with Iran threaten global fuel supplies. The fiscal year 2012 omnibus included provisions that prohibit Jones Act waivers for SPR shipments unless the Secretaries of Homeland Security and

Transportation consult with representatives from the U.S. maritime industry to determine availability of American vessels and prioritize their use. Enforcing the Jones Act is a DHS responsibility, and this subcommittee looks to you and your Department to provide leadership on this important issue within the administration. Finger-pointing between Federal agencies is not acceptable, nor is a repeat of last summer's events when the Jones Act was unnecessarily waived dozens of times despite the availability of U.S.-flagged vessels.

Please explain the steps you are taking to comply with the law in the event of another SPR drawdown.

Will you validate the Department of Energy's shipping specifications and the Maritime Administration's industry outreach efforts to guide your decision in the event that additional waiver requests come before you this year?

Answer. In the event of any future SPR drawdown, DHS intends to collaborate closely with our colleagues in the Department of Defense, the Department of Energy, and the Maritime Administration (MARAD) in the Department of Transportation to ensure that the statutory requirements attendant to the processing of waivers of the Jones Act are satisfied.

While not entirely sure as to the context of the term "validate" in the question posed, DHS will, in concert with the Department of Energy and MARAD, endeavor to ensure that as much available U.S.-flag shipping as possible will provide the requested transportation services of SPR crude oil in accord with Public Law 112-55 and Public Law 112-74.

COAST GUARD POLAR ICEBREAKERS

Question. The Coast Guard's two heavy polar icebreakers—*Polar Star* and *Polar Sea*—have exceeded their intended 30-year service lives, and neither is currently in operational condition. The third polar icebreaker, the *Healy*, has less icebreaking capabilities and is used primarily for scientific missions. Your budget includes \$8 million to begin initial planning and design of a new heavy polar icebreaker—which is estimated to cost \$860 million.

Given the desire for natural resource exploration and the expectation that more commerce will be transiting through the Arctic in the coming years, there is no question that the United States has a pressing need to address its diminishing icebreaking capabilities. However, my concern is simple math. The Coast Guard has a need to build two additional national security cutters at a cost of approximately \$750 million each and 25 offshore patrol cutters at a total acquisition cost of over \$8 billion.

The Coast Guard Commandant testified on March 6 in the House that polar icebreaking is a national priority and multiple Government agencies would benefit from icebreaking capabilities.

Please elaborate on the various funding approaches the Coast Guard will explore, such as the possibility of a partnership with other Government agencies or the private sector.

Answer. The \$8 million requested in the fiscal year 2013 budget will initiate the survey and design of a new polar icebreaker and will be used to develop required planning documents, as well as to begin the engineering and design work necessary to initiate the project. Though pre-acquisition plans are still being developed, the Coast Guard looks forward to building a new ship as soon as practicable. A funding plan reflective of this effort will be developed once initial pre-acquisition work is complete.

OIL EXPLORATION OFF THE CUBAN COAST

Question. Given the oil exploration taking place and planned in Cuban waters, what efforts are underway or planned at the Department of Homeland Security to respond in the event of an oil spill?

Answer. The Department is committed to protecting U.S. interests, particularly U.S. coastlines and natural resources, from potential discharges from deepwater drilling in waters of nations adjacent to the United States. The Coast Guard is the pre-designated Federal on-scene coordinator (FOSC) under the National Contingency Plan (NCP) for the coastal zone, and has the authority under the Federal Water Pollution Control Act of 1972 (FWPCA), and the Oil Pollution Act of 1990, to oversee and direct removal actions for spills within U.S. waters or threatening U.S. waters and adjoining shorelines, or that may affect U.S. natural resources. The NCP provides a coordinated, efficient, and effective whole-of-government response to marine pollution discharges to protect the waters, shorelines, natural resources, and welfare of the United States.

The Coast Guard updated its plans to ensure prompt response to a spill from drilling activities off the coast of Cuba that could impact the United States. Engagement in this preparedness effort is far-reaching and includes collaboration with Federal, State, local, and private-sector entities. As the Coast Guard focuses attention on the near-term drilling that is to occur off Cuba, the Department is mindful of the potential for future offshore oil exploration in Bahamian waters as well. An offshore response plan has been developed to address the unique characteristics of an oil spill response in the Florida region. The plan creates an offshore response command and provides a command and control structure that is accountable to the FOSC to address all aspects of offshore pollution response from a foreign source. This plan includes the capability to liaise with foreign governments and corporations to address communication and coordination issues inherent with international response efforts.

At the local level, the Coast Guard has expanded and enhanced our efforts with State and local officials in oil spill response planning. Beginning in March 2011, in Florida, the Coast Guard conducted extensive outreach to engage officials in updates to area contingency plans, including revisions to the geographic response plans and tidal inlet protections strategies. Our State and local partners have been and will continue to be an important part of the planning effort. They have been involved in bi-weekly planning calls and the November 2011 response exercise. These recent updates and strong partnerships have strengthened our readiness to respond to a spill.

While we are preparing to take response actions necessary to protect U.S. interests, a major discharge from drilling off the United States in adjacent nations' waters likely will require a broad international response. The United States is a party to several important multilateral treaties on pollution response that promote this type of multilateral cooperation. A multilateral approach is essential to ensure common understanding and effective implementation of international obligations and standards for oil spill preparedness, prevention and response. The Coast Guard is working with the Bureau of Safety and Environmental Enforcement to lead the effort to conduct a series of multilateral seminars focused on regional prevention, preparedness and response for a potential worst case oil discharge in the Caribbean. The seminars are designed to build on the existing framework of our international agreements and the Caribbean Island Oil Pollution Response and Cooperation Plan and enhance regional readiness and cooperation related to offshore drilling, with an emphasis on better preparing us to protect U.S. interests.

The Coast Guard, and our Federal interagency partners, engaged with the International Maritime Organization (IMO) to participate in a multilateral planning forum focused specifically on addressing such a spill. Through that initiative, the Coast Guard is engaged in an ongoing multilateral engagement with five other Caribbean nations (Bahamas, Cuba, Curacao, Jamaica, and Mexico). This conduit allows the Caribbean nations to discuss oil spill prevention, preparedness, and response issues and to gain an understanding of current and planned offshore drilling operations throughout the Caribbean, including Cuba. The first IMO-sponsored workshop was held in Mexico in late November 2011, a second IMO-sponsored workshop was held in the Bahamas from December 7–9, 2011, the third IMO-sponsored workshop was in Curacao from January 31 to February 2, 2012, and a fourth is planned for April 11–13, 2012, in Jamaica. The multilateral engagement provided a common understanding and effective implementation of international obligations and standards for oil spill preparedness, prevention and response.

In accordance with the NCP, if a spill occurs within Cuban waters that is projected to impact U.S. waters, shorelines, or natural resources, the Coast Guard would mount an immediate response, in partnership with other Federal, State, and local agencies. Such a response would combat the spill as far offshore and close to the source as possible, using all viable response tactics consistent with domestic and international law. The Coast Guard has obtained licenses from the Department of the Treasury's Office of Foreign Asset Control and the Department of Commerce's Bureau of Industry and Security, which allow broad engagement in preparedness and response activities, and positions us to direct an immediate response in the event of a catastrophic oil spill.

As was highlighted by the BP Deepwater Horizon oil spill, any major spill, regardless of its source, will require unity of effort across all levels of government, industry, and the private sector. A spill originating in the Caribbean, in another nation's waters, adjacent to the United States, undoubtedly will require international cooperation. The Coast Guard will continue to participate in IMO-sponsored multilateral discussions to ensure coordinated prevention programs, contingency planning efforts, and development of robust response strategies. DHS and the Coast Guard

will continue outreach and coordination of Federal, State, and local efforts for potential oil spills originating in foreign waters adjacent to the United States.

NATIONAL DOMESTIC PREPAREDNESS CONSORTIUM—COMPETITION PROPOSAL

Question. The fiscal year 2013 request proposes to make funding awards for training programs for first responders competitive. Traditionally, much of the first responder training has been provided through the National Domestic Preparedness Consortium (NDPC) which is made up of members with unique training skills in weapons of mass destruction whether they be biological, nuclear, explosive, or chemical. To date, this consortium has successfully trained over 1.7 million first responders. The consortium provides training that very few, if any, other organizations could provide with the same level of expertise. Further, their facilities can accommodate the high-risk training that is often completed with live agents.

What specific special skills have first responders gained to date through NDPC training courses? How many have been trained in each skill?

For each consortium member how many applications for training were received and how many were fulfilled, by fiscal year, since 2008?

If the training programs were made competitive, how would FEMA determine the demand for training needs for first responders in order to conduct the competition but also match needs in real time (i.e., what process would be used to determine how much and what type of biological training is needed? Nuclear, etc.?)?

What type of capacity has FEMA found in other facilities in the Nation that could provide the highly specialized weapons of mass destruction training currently provided through the NDPC?

What would make the competed training more successful?

Answer. Below is a breakdown of the number of responders trained for the skills taught by existing National Domestic Preparedness Consortium (NDPC) members:

- Chemical weapons prevention and response—708,312;
- Biological weapons prevention and response—261,173;
- Radiological and nuclear weapons prevention and response—119,392;
- Explosives incidents prevention and response—397,488;
- Incident command—407,300;
- Surface transportation incident response—1,179; and
- Natural hazards events response—1,717.

The individual consortium members do not currently track the number of applications they receive; however, the following is a breakdown of how many have been fulfilled:

- Center for Domestic Preparedness—418,039;
- Louisiana State University—65,840;
- Nevada National Security Site/Nevada test site—67,892;
- New Mexico Tech—157,472;
- National Emergency Response and Rescue Center—140,929;
- National Center for Emergency Response in Surface Transportation—1,179; and
- Natural Hazards Events Response—The University of Hawaii’s National Disaster Preparedness Training Center currently has two FEMA-certified courses in its curriculum and will begin to capture student data in the near future.

As part of the National Training and Education System called for in Presidential Policy Directive-8, FEMA will determine demand based on a variety of data points, including the Strategic National Risk Assessment, capability estimation from regional and State threat and hazard identification and risk assessments (THIRA), and training needs analysis, as well as corrective actions from real-world events and exercises.

FEMA is aware of several other facilities that have the unique and specialized capability to offer weapons of mass destruction training currently provided through the NDPC.

Further, current NDPC members will be encouraged to compete, ensuring that existing, unique assets are considered.

By making the training programs competitive in fiscal year 2013, FEMA hopes to encourage greater efficiencies as well as new ideas and innovation. FEMA recognizes there are hundreds of institutions ready, willing and able to provide education opportunities to homeland security and emergency management officials.

FEDERAL FLIGHT DECK OFFICER PROGRAM

Question. In 2002, Congress passed the “Arming Pilots Against Terrorism Act” as part of the Homeland Security Act. That act requires the Transportation Security Administration to deputize volunteer pilots to carry firearms in the cockpit while

flying with the goal of providing an additional layer of security against terrorists. Your budget proposes to cut this program in half from \$25.5 million to \$12.5 million.

Why is there such a significant reduction to this program compared to other security layers? How will you prioritize demand for pilot training at this reduced funding level?

Answer. As the Transportation Security Administration (TSA) focuses its aviation security activities on programs that mitigate the highest amount of risk at the lowest cost, TSA has prioritized funding in the same manner. Funds will be redirected from this voluntary program to other high-priority, risk-based operational initiatives. Since 2001, many enhancements to aviation security have been made, such as 100 percent screening of all passengers and their carry-on items, the installation of reinforced and locking cockpit doors on aircraft that operate in U.S. airspace, and increased passenger and flight crew awareness to address security risks. Combined, these improvements have greatly lowered the risk of unauthorized cockpit access and represent a comprehensive and redundant risk mitigation strategy that begins before passengers board the aircraft. The program reductions will be accomplished through a variety of actions intended to focus on volunteers providing the highest potential security benefit, gaining efficiencies in training facility consolidation and training contract restructuring.

While some demand does exist for Federal Flight Deck Officer (FFDO) training, the TSA does not anticipate any additional initial training classes in fiscal year 2013 and beyond.

There are approximately 700 pilots who are fully vetted and eligible to attend FFDO training, less than 1 percent of the commercial pilots currently active in the United States. In fiscal year 2012, the FFDO program is funded to train 250 new FFDOs. Since October 2011, 101 new FFDOs have been trained.

OPERATION STONEGARDEN

Question. During your visit to Texas last month, I understand you heard from local law enforcement officials about the major benefits derived by the border communities receiving Operation Stonegarden grants. While drug cartel-related violence continues to plague Mexican communities along the border, that violence has not crossed over into the United States. Local U.S. border officials state that one of the reasons that violence has not spilled over is due to their ongoing joint operations and support to the Border Patrol and other Federal law enforcement agencies—which they would not otherwise be able to do absent Stonegarden funds.

Your budget proposes to eliminate specific funding for the program. In your proposed preparedness block grant, would this successful program be maintained?

Please provide metrics on what Stonegarden grants have purchased for fiscal years 2008–2011.

Answer. Yes, the program would be maintained. The goals of Operation Stonegarden (OPSG) are included in the NPGP vision under “Core Capabilities.”

Core Capabilities

Since the focus of the NPGP is to develop and sustain the core capabilities identified in the National Preparedness Goal, the program will prioritize nationally deployable NIMS-typed capabilities. Such capabilities are identified in the National Preparedness Goal and include mass search and rescue operations, intelligence and information sharing, border security and border protection operations, cybersecurity, community resilience, and economic recovery.

FEMA believes that by consolidating all preparedness grants into one program, States and territories will be better able to synchronize all funding into a comprehensive program to develop and sustain core capabilities across the national preparedness spectrum.

Regarding metrics, the Operation Stonegarden program (OPSG) is a subprogram within the Homeland Security Grant Program portfolio specifically focused on border operations. OPSG provides funding to enhance cooperation and coordination among Federal, State, local, tribal, and territorial law enforcement agencies in a joint mission to secure the United States’ borders along routes of ingress from international borders, to include travel corridors in States bordering Mexico and Canada, as well as States and territories with international water borders. The project level funding, shown below, is categorized utilizing the POETE (planning, organization, equipment, training, and exercises) model. OPSG funds two of these categories—organization and equipment. Of the available funding, approximately 54 percent of the total funds were consumed under the organizational/operational category, which is overtime and fringe for law enforcement personnel, while the remainder, approximately 46 percent, was reported under the equipment, maintenance, sustainment, and fuel category.

All operations funded under this program are border-centric, intelligence-driven, and goal-oriented in the reduction and/or elimination of threat, risk, and vulnerability along our Nation's borders. Since 2008, some measurable outcomes include but are not limited to:

- Participating agencies (cooperation/coordination)—291;
- Additional law enforcement workdays (force-multiplier)—65,000;
- Patrol miles (boots on the ground)—5.7 million;
- Suspect vehicle stops—221,771;
- Citations issued—80,747;
- Seizures (guns, drugs, etc.)—4,380;
- Legal cases—11,830;
- Penal code violations—12,737.

NATIONAL GUARD

Question. Please provide a description of the current status of the National Guard deployment on the Southwest border. How many were stationed in each State at the end of calendar year 2011, currently how many are there, and how many will be there by the end of March?

Answer. The response to this question is being provided separately, as it is law enforcement sensitive.

NORTHERN BORDER

Question. What is the U.S. Border Patrol (USBP) policy on transit checks (bus, rail, ferries) along the northern border? While there is authority for using checkpoints within 100 miles of the border—what specifically is USBP doing? Have such transit checks stopped? If so, when and why?

Answer. In order to ensure that USBP resources are best focused on preventing and interdicting illicit cross-border conduct, USBP field commanders are now utilizing a risk-based strategy, as informed by credible information and intelligence, when determining whether to conduct a transit node operation. USBP has long-standing legal authority to conduct checkpoint operations within 100 miles of the international border.

US-VISIT—PROPOSED REORGANIZATION

Question. As you know, the US-VISIT program captures the biometrics of visitors to this country and is intended to make sure we know who is entering and exiting the United States. The budget proposes to divide the functions of the US-VISIT program between Customs and Border Protection and Immigration and Customs Enforcement. However, aside from cutting \$28 million in overall funding for the program and dividing the remaining funds between the two agencies, there is no specific detail on the rationale behind this proposal. Some have argued that the decision was made to move US-VISIT, with the details to be worked out later.

Please explain the reasoning behind this decision. If we concur with this proposal, what assurances can you provide that there will be no disruptions in the vital services performed by US-VISIT starting on October 1, 2012?

Answer. The fiscal year 2013 budget proposes the transfer of US-VISIT functions from the National Protection and Programs Directorate (NPPD) to U.S. Customs and Border Protection (CBP) and U.S. Immigration and Customs Enforcement (ICE). Currently, CBP operates numerous screening and targeting systems, and integrating US-VISIT within CBP will strengthen the Department's overall vetting capability while also realizing efficiencies.

Pending enactment, CBP will assume responsibility for the core US-VISIT operations and management of the biometric and biographic information storage and matching and watchlist management services. ICE will assume responsibility of the US-VISIT overstay analysis services. CBP uses US-VISIT systems to help determine admissibility of foreign nationals arriving at all U.S. ports of entry (POEs) and to process aliens entering the United States illegally between the POEs. Currently, CBP operates numerous screening and targeting systems, supporting more than 70,000 users from over 20 Federal agencies that are responsible for a wide range of programs that rely on CBP information and systems to determine benefits, process travelers, inform investigations, support case management, and enhance intelligence capabilities. The US-VISIT systems will complement the CBP systems by adding the biometric identification and screening capabilities, which are also used across and beyond DHS. It will streamline interactions with the U.S. Department of State and the Federal Bureau of Investigation for both biographic and biometric screening.

Although ICE will assume responsibility for US-VISIT overstay analysis, CBP and ICE will collaborate on system support for the overstay mission. Transition of the analysis and identification of the overstay population in ICE clearly aligns with the ICE mission of administrative immigration enforcement. Additionally, functions of support to CIS will provide feeder data related to domestic benefit fraud schemes for ICE investigations.

CBP, ICE, and US-VISIT have established a transition team composed of senior representatives from each organization. This transition team is working to identify and prioritize crucial functional areas and determine the optimal strategy for transitioning each function.

This transition team will identify targets of opportunity for operational and cost efficiencies. Priority will be placed on those transition initiatives that focus on increases in efficiency and effectiveness within mission support and “corporate” functions such as logistics, human resources, and information technology. Once all of the information is collected and arrayed, it will be analyzed with the goal of finding efficiencies while maintaining US-VISIT’s mission with no degradation of services.

A final transition plan will be made available to all external stakeholders by the end of July 2012.

US-VISIT—DELAYED FISCAL YEAR 2011 EXPENDITURE PLAN

Question. The fiscal year 2011 Full-Year Continuing Appropriations Act required the submission of an expenditure plan detailing how the fiscal year 2011 funds for the US-VISIT program would be used—\$50 million of the total funds appropriated were withheld until that plan was submitted. Fiscal year 2011 ended more than 5 months ago—and we have yet to receive the plan.

How can this subcommittee accurately consider a proposal to drastically redesign US-VISIT without knowing how previously appropriated funds have been or will be used?

Answer. I understand the subcommittee’s concern. The plan is currently being revised to report on spending and activities that occurred in fiscal year 2011, and will be provided to the subcommittee shortly.

INTERNATIONAL SCREENING PROGRAMS

Question. Your full statement for the record claims that the budget supports and extends a number of pre-screening programs such as the visa security and immigration advisory programs. However, none of the programs are proposed to be expanded and some have proposed cuts. Since the Department was created, one of the goals was to push the border out and stop individuals or products which would do us harm well before they reached our shores. One can hardly argue that this budget continues this record of success.

How does this budget accomplish the mission of interdicting threats at the earliest possible point?

Answer. In our increasingly globalized world, DHS continues to work beyond its borders to protect both national and economic security. The fiscal year 2013 budget sustains funding for core programs and continues to support DHS’s strategic partnerships. These partnerships strengthen international allies and enhance targeting and information-sharing efforts that are utilized to interdict threats and dangerous people and cargo at the earliest point possible.

Visa Security Program

Through the Visa Security Program and with Department of State concurrence, ICE deploys trained special agents overseas to high-risk visa activity posts to identify potential terrorist and criminal threats before they reach the United States. ICE Homeland Security Investigations (HSI) has expanded its Visa Security Program (VSP) since fiscal year 2010 by adding new locations and expanding existing operations in current locations. VSP is currently active at 19 posts across 15 countries, and is planning, in fiscal year 2012, to expand the VSP in two additional locations. The fiscal year 2013 budget supports efforts to leverage IT solutions and the capabilities of our law enforcement and intelligence community partners to increase ICE’s efficiency in screening visa applications in order to identify patterns and potential national security threats. This will establish greater efficiencies to our Visa Security Program, allowing for research and analytic activities to be carried out in the United States and investigative and law enforcement liaison work overseas. Also in fiscal year 2013, along with the aforementioned efficiencies, ICE will be able to reduce base funding to non-mission critical areas by way of terminations of one-time cost and attrition of mission support FTE. Regardless of the type of reduction, there will be no adverse affects to the program’s ability to mitigate treats. Quite the oppo-

site, ICE is increasing VSP's performance through clarity and standardization of operations.

Pre-Departure Programs

CBP's Immigration Advisory Program (IAP), Visa Hot List (VHL) vetting program, pre-departure screening, and developing pre-adjudicative visa screening program also support the DHS multi-layered approach to security.

Through the Immigration Advisory Program and enhanced in-bound targeting operations, CBP identifies high-risk travelers who are likely to be inadmissible into the United States and makes recommendations to commercial carriers to deny boarding. The IAP currently operates at 11 locations in nine countries. IAP reductions in fiscal year 2013 are due to nonrecurring first year start-up costs related to the IAP in fiscal year 2012 that CBP will not incur in fiscal year 2013. CBP also reevaluated the overseas footprint for IAP and found that in some locations there are cost savings for utilizing temporarily detailed (TDY) officers rather than relocating and permanently placing a CBP officer for all positions; moving to a footprint of one permanent team lead; or augmenting TDY personnel or locally engaged staff, where operationally and administratively appropriate. The fiscal year 2013 budget continues to support initiatives to interdict and apprehend criminals and persons of national security interest, and disrupt those who attempt to enter the United States with fraudulent documents.

Through pre-clearance agreements, CBP screens passengers internationally prior to takeoff through the same process a traveler would undergo upon arrival at a U.S. port of entry, allowing DHS to extend our borders outward while facilitating a more efficient passenger experience. The fiscal year 2013 budget continues to support CBP's pre-clearance inspection efforts, which are designed to determine compliance with admissibility of agriculture, customs, and immigration requirements to the United States.

For non-IAP and pre-clearance locations, CBP's National Targeting Center-Passenger (NTC-P) conducts pre-departure screening to identify high-risk travelers, and coordinates with its regional carrier liaison groups to communicate no board recommendations to carriers where appropriate.

Furthermore, CBP's Visa Hot List vetting program conducts continuous vetting of all issued U.S. non-immigrant visas against enforcement databases and searches for new records as they are entered into TECS. Visa Hot List vetting ensures that changes in a traveler's eligibility are identified in near real time allowing NTC-P to immediately determine if a person should be denied boarding, if a visa revocation should be requested, or if other U.S. Government agencies should be notified because the individual is present in the United States.

Additionally, in an effort to further enhance visa security measures, ICE and CBP are engaged in a partnership with DOS on developing an automated visa screening process that will enable DHS to identify derogatory information related to visa applicants prior to the adjudication of their visa application. It is anticipated that a pilot program designed to test new automated data processing infrastructure and compatibility could commence in fiscal year 2013, after which an assessment on the viability of the program would be completed. The assessment will also identify the funding requirements for additional personnel and logistical support.

BORDER SECURITY TECHNOLOGY

Question. Your budget proposes to cut \$193 million in development and deployment of border security technology and proposes \$92 million for integrated fixed towers in Arizona. According to the Department, Border Patrol apprehensions have decreased 53 percent since fiscal year 2008. In the Tucson sector apprehensions dropped 42 percent between fiscal years 2010–2011. This is the lowest level of apprehensions in Tucson in 17 years. Based on briefings your officials have provided, the earliest a request for proposal for deployment of the first fixed tower in Arizona will occur is in September—at the end of the current fiscal year. And the Department has informed us that \$359 million remains available in unobligated prior year balances for border technology.

As you know better than most of us, drug traffickers and alien smugglers adjust their routes depending on how hard it is to move their contraband. Does it make sense to sink expensive infrastructure into fixed locations when the threat trend in a particular location continues to go down and can quickly move to another location?

Answer. The question appropriately acknowledges the decrease in apprehensions and the dynamic nature of the threat along the Southwest border. CBP attributes these trends, in part, to strategic investment and deployment of additional personnel, tactical infrastructure and technology to high risk, priority regions of the border. The Department recently concluded a comprehensive review of surveillance

technologies that would best complement the personnel and tactical infrastructure in Arizona. Where practicable, the Arizona plan utilizes mobile and agent centric technologies which can be re-deployed in response to dynamic threats. For remote terrain areas, where agent access is limited, fixed towers support enforcement through persistent, wide-area surveillance. This infrastructure will help CBP establish better awareness and enhance our enforcement posture in these difficult areas. Moreover, CBP's fielding of over 40 mobile surveillance systems to the Southwest border enables the Border Patrol to augment the fixed surveillance systems to cover "blind spots" created by terrain or foliage in monitored areas, as well as to relocate surveillance capabilities to areas where the illicit activity (threat) may move to avoid the fixed surveillance systems.

Technology and infrastructure also help us to sustain our success. The presence of technology persists as a strong deterrent against the return of illicit traffic to areas where we have reduced that traffic. Therefore, infrastructure investment often makes sense even as we see improving trends in apprehensions.

This approach is supported by what CBP sees today in Arizona as a result of recently deployed SBInet Block 1 fixed tower systems. For example, in the Border Patrol's Ajo area of responsibility—an expansive remote area previously known for relatively high levels of trafficking and smuggling—the new Block 1 system illuminated significant activity levels, the Border Patrol responded effectively, and consequently, the quantity of apprehensions and contraband seizures increased significantly upon deployment. The traffic has since decreased as the fixed surveillance provided a persistent deterrence. The Border Patrol, too, was able to shift personnel and resources to other traffic areas while continuing to rely on the Block 1 surveillance and monitoring of the Ajo area. To date, we have not seen the significant traffic return to the Ajo area.

As we continue to plan and evaluate Southwest border regions beyond Arizona, we will follow a similar risk-based approach to determine if, and where, fixed surveillance systems make the most sense. We will look closely at evolving illicit traffic patterns, regional vulnerabilities, and existing capabilities already in a region.

The question also asks about unobligated funding balances from prior years available for border technology. Nearly all of these unobligated funds are set-aside for pending contract awards based on approved, previously enacted appropriations requests. For example, \$98 million is awaiting award of the remote video surveillance system contract award later this year. Approximately \$35 million is awaiting contract award of the comprehensive tactical infrastructure maintenance and repair (CTIMR) for the Southwest border. Approximately \$49 million is awaiting contract award for the next phase of tactical communications modernization tasks in El Paso, Rio Grand Valley, and Houlton border patrol sectors. And, there are also numerous smaller contracts and incremental funding actions planned over the next several months that will spend the prior year unobligated balances by year's end.

SECURE COMMUNITIES

Question. The Secure Communities program initially was proposed and funded by the Appropriations Committees in fiscal year 2008. Immigration and Customs Enforcement has successfully rolled out the Secure Communities program to 72 percent of the Nation and is on target to be fully deployed nationwide in fiscal year 2013. Secure Communities has been deployed to 15 parishes in my State of Louisiana. I support this program which primarily targets criminal aliens for detention and removal. We need to ensure that our immigration laws are enforced and that individuals who are here illegally and who pose a threat to the community are detained and removed. I understand, however, there are certain locations around the country which refuse to cooperate or participate in Secure Communities.

What steps are you taking to ensure that you meet your goal of 100 percent coverage in 2013?

Answer. As of March 20, 2012, Secure Communities is operating in 2,504 jurisdictions, 45 States, and one territory. U.S. Immigration and Customs Enforcement (ICE) will continue to activate Secure Communities in other areas nationwide in an orderly manner. ICE expects to complete nationwide deployment of Secure Communities during fiscal year 2013.

CONTINUED CUTS TO CRITICAL CBP OPERATIONS

Question. Your budget appears to be focused on maintaining front-line operations—especially people. This is important and I strongly support it. However, the people on the front lines are only as good and effective as the systems they have supporting them. For example, at Customs and Border Protection, the budget proposes a total of \$342 million in so-called "efficiencies" and other cuts, including

nearly \$50 million in additional cuts to information technology infrastructure and systems support. Between fiscal years 2009–2012, \$363 million has been cut from CBP's IT systems. CBP relies on these systems to, among other things, target potential terrorists before they reach our shores, perform database checks on all proposed travelers to this country, and screen cargo manifests for all good entering the United States via air, land, or sea. And other Government agencies, such as TSA's Secure Flight, are increasingly relying on CBP's capabilities to assist them in performing their security and other functions. It appears that the Department is eating its seed corn. It is making short term fiscal decisions which will have long-term costs and consequences.

Given the cuts to the CBP information technology infrastructure, will CBP be able to effectively perform its mission of securing the borders of the United States while simultaneously facilitating the flow of legitimate trade and travel?

What is the potential for another catastrophic failure like the power outage that occurred at LAX in August 2007 which stranded thousands of travelers on planes because they could not be processed through customs and immigration, and what are you doing to properly balance the requirements for people, technology, and infrastructure given your tight budgets?

Answer. The fiscal year 2013 budget provides sufficient funding for CBP's information technology systems to ensure that the agency will be able to effectively perform its mission of securing the borders while facilitating the legitimate flow of trade and travel. The budget requests \$31.0 million in program changes to address resource requirements for maintenance, enhancements, and improvements to the Automated Targeting System (ATS), which will maintain current service levels and ensure sustained operations and performance of ATS and its sub-systems. The budget also requests \$5.0 million for the TECS Modernization Program, an effort to take advantage of the most current standards and technologies to support port of entry processing and vetting services for DHS and other Government agencies.

CBP is also working to minimize operational risk by simplifying and modernizing its disparate data system platforms and to migrate legacy mainframe applications to the new environment. This will be accomplished through a phased approach over multiple fiscal years. Once fully implemented, this effort is expected to reduce out-year operations and maintenance costs, increase systems availability, reduce report run time, and improve failover/disaster recovery capabilities; thereby minimizing operational risk.

We are committed to directing our resources to our highest mission priorities. This includes protecting and directing resources to areas that present the highest risk, and that includes protecting the security of our IT infrastructure. CBP is currently conducting an in-depth assessment of our IT infrastructure, which will analyze IT spending, compare it with other agencies and industry and will culminate in prioritized recommendations for sustaining IT infrastructure to meet mission requirements.

DETENTION BEDS

Question. According to the justification documents submitted to the subcommittee for your budget request, "ICE estimates there are 1.9 million removable criminal aliens in the United States today." These are criminal aliens who pose a threat to our communities and are deemed removable, not the larger estimate of 11 million illegal aliens. In your testimony, you claim that your Department only has resources to remove approximately 400,000 aliens a year. Over the years, this subcommittee has provided ICE with more funding than has been requested to enforce immigration laws—including removing criminal aliens. In the appropriations law for this fiscal year, ICE has been given funds to fill 34,000 detention beds every day. However, since December—when the appropriations bill became law and the funds became available—ICE has not filled 1,000 of those 34,000 beds.

I support your efforts for smart enforcement of our immigration laws. But given that your Department says there are 1.9 million removable criminal aliens, why are you not filling 1,000 detention beds that the Congress has given you the resources to fill?

Answer. The Department functioned under a continuing resolution (CR) during the first quarter of fiscal year 2012, which extended fiscal year 2011 terms and conditions. Under the CR, ICE was mandated to maintain a level of not less than 33,400 detention beds, and during this time ICE supported 33,523 beds. Upon enactment of Public Law 112–74 on December 23, 2011, the requirement was increased to 34,000 detention beds and it took time to ramp up to the higher number. As of March 28, 2012, ICE had reached an occupancy of 34,975 beds, and we are fully committed to maintaining at least 34,000 beds for the remainder of fiscal year 2012.

CYBERSECURITY INCREASE FOR THE FEDERAL NETWORK

Question. The fiscal year 2013 budget contains a request for \$202 million in new spending authority to “directly support Federal departments and agencies in implementing capabilities that will improve their cybersecurity posture.”

It is understood the funding is to be used for continuous monitoring so that threats inside the Federal network can be detected in real time. Please provide a breakdown of the \$200 million demonstrating what projects will be completed, for which Federal agencies. In what timeframe will the funds be obligated?

Answer. Funding will support cybersecurity improvements in the departments and agencies highest risk networks and nodes, including the acquisition and installation of security hardware and software on IT systems; implementation of continuous monitoring to provide a real-time common operating picture of cybersecurity threats; and measures to ensure that identified threats are resolved quickly and any damage is contained and minimized.

Specifically, the \$202 million will support:

- A Federal Enterprise-wide dashboard purchase with daily updates of agencies’ progress and their risks displayed in a prioritized manner;
- Diagnostic sensors in Federal agencies with data feeds to the dashboard which focus on Federal priority areas;
- Diagnostic tools and integration for daily threat and impact on the .gov domain; and
- A DHS security data warehouse structure, reports, integration with CyberScope.

E-VERIFY EXTENSION

Question. This subcommittee tries to avoid carrying authorization items, because we believe the authorizing committees are the appropriate place for these proposals to be considered and acted upon. But sometimes authorizing items are added to our bill. For instance, during floor debate on the fiscal year 2010 Homeland Appropriations bill, amendments were adopted authorizing the extension of four separate immigration programs for 3 years—through the end of this fiscal year. This included the E-Verify and EB-5 regional center programs. However, your budget proposes to only extend the authorization of the E-Verify program for an additional year. The EB-5 program is a very successful program which provides visas for entrepreneurs who create jobs in this country. There are three EB-5 centers in my State of Louisiana, and the author of the original legislation creating the program is a member of this subcommittee.

Why did the administration not propose extending the EB-5 program?

Answer. E-Verify authorization is a necessary conforming amendment to a specific request in the President’s fiscal year 2013 budget for appropriated funding of that program. The three other programs requiring congressional reauthorization (Conrad 30, EB-5 Regional Center, and non-minister religious worker immigrant visa program) are funded through fees paid by the applicants participating in each of these programs. We fully support these programs and look forward to working with Congress to ensure they are, indeed, re-authorized.

TSA ADVANCED IMAGING TECHNOLOGY

Question. Describe what specific investments TSA and/or the Science and Technology Directorate are making to improve the capabilities of the next generation of advanced imaging technology machines in order to improve aviation security.

Answer. On February 21, 2012, the Transportation Security Administration (TSA) issued a request for proposal (RFP) for a follow-on advanced imaging technology solicitation (AIT-2) focused on the procurement of enhanced full and reduced sized AIT systems. The procurement specifications contained within the RFP for AIT-2 raises performance requirements in a number of areas to include reduction in processing time, increased detection performance, and reduction in size. The award date for full production AIT-2 systems is scheduled for March 2013 with all qualified systems from the AIT-2 solicitation configured with automated threat reduction (ATR) technology to enhance privacy protections.

In collaboration with TSA, the Department of Homeland Security Science and Technology (S&T) Directorate is also pursuing the development of an advanced AIT system with improved image resolution to allow for the detection of smaller threat items than currently possible with existing commercial systems. The S&T Directorate is also pursuing development of next generation AIT systems that will allow a walk-through passenger screening process for anomaly detection, unlike the existing systems which require the passenger to remain stationary.

Finally, the original equipment manufacturers (OEM) with currently fielded advanced imaging technology (AIT) systems remain under contract with TSA to develop solution upgrades that include an ATR capability and improvements in detection capabilities.

FEMA PREDISASTER MITIGATION

Question. What percent of predisaster mitigation grants in fiscal year 2008–2011 were awarded to locations that had Presidentially declared disasters in the year preceding the award?

Answer. Please see below for percentages:

- Fiscal year 2008: 68 percent of predisaster mitigation (PDM)-awarded projects went to States that had a disaster relief (DR) declaration in the previous fiscal year (116 of 170 approved projects);
- Fiscal year 2009: 48 percent of PDM-awarded projects went to States that had a DR declaration in the previous fiscal year (74 of 154 approved projects);
- Fiscal year 2010: 56 percent of PDM-awarded projects went to States that had a DR declaration in the previous fiscal year (109 of 193 approved projects); and
- Fiscal year 2011: 70 percent of PDM-awarded projects went to States that had a DR declaration in the previous fiscal year (78 of 111 approved projects).

QUESTIONS SUBMITTED BY SENATOR FRANK R. LAUTENBERG

URBAN AREA SECURITY INITIATIVE GRANTS

Question. The fiscal year 2012 UASI allocation did not cut any funding for the New York region and cut funding to three regions by only 13 percent compared to the fiscal year 2011 allocation. The remaining tier I regions received cuts based largely on their risk scores beginning with the San Francisco-San Jose-Bay area region at a 38-percent cut, and the cuts increased slightly as risk scores decreased through the tier II regions. The Newark-Edison area was cut by 42 percent. Given that the top four risk areas received disproportionately smaller cuts, or no cut at all, why didn't the remaining high-risk regions in tier I also receive special consideration to ensure the smallest cuts possible?

Answer. Fiscal year 2012 UASI allocations were informed by a comprehensive risk methodology based on threat, vulnerability, and consequences. Ultimately, the highest risk cities in our country continue to face the most significant threats, and the fiscal year 2012 homeland security grants focus the limited resources that were appropriated to mitigating and responding to these evolving threats. Current intelligence reflects that al Qaeda, its affiliates and its allies remain focused on carrying out attacks in major U.S. cities including New York City, Chicago, Los Angeles, and Washington, DC, and against our aviation and surface transportation infrastructure. From an infrastructure protection perspective, these four major cities contain 50 percent of the identified critical infrastructure most likely targeted by international terrorists and a third of all assets, systems, and infrastructure clusters.

Question. The fiscal year 2012 UASI allocation did not cut any funds relative to the previous year for the New York region because of its high threat level. The New York/New Jersey port region includes New York and the region between Newark Liberty International Airport and Port Elizabeth, the area considered by the FBI to be the most dangerous in America for a terrorist attack. The fiscal year 2012 Port Security grant process is now competitive but risk will be a factor as DHS makes awards later this year. When allocating fiscal year 2012 Port Security grants, will DHS give similar consideration to the highest risk areas as it did when distributing fiscal year 2012 UASI funds?

Answer. Yes, the Port Security Grant Program (PSGP) will prioritize port areas that have the highest risk. For fiscal year 2012, PSGP divided the port areas into four groups. The seven ports with the highest risk are part of Group I and will compete for 60 percent of the available funding.

AIRPORT SECURITY BREACHES

Question. Last year, there were an unusually high number of breaches at Newark Liberty Airport. At my request, DHS is in the process of completing an investigation of the breaches. What steps will you take to ensure that any issues identified in the investigation are fully resolved?

Answer. The Transportation Security Administration (TSA) is committed to continuing to strengthen and improve security at Newark Liberty International Airport (EWR) by ensuring all EWR staff receive proper training, updating data breach containment plans, and conducting regular security breach drills.

The national security breach drill requirement includes three drills of varying complexity per year. TSA EWR's breach drills exceed the national requirement by requiring each passenger checkpoint to conduct two drills with varying complexity every other day involving TSA, stakeholders, and/or law enforcement officers (LEOs). Additionally, TSA EWR is engaging the airport operator, LEOs, and other stakeholders in breach drill containment and resolution exercises.

In addition, TSA EWR's Back to Basics campaign and Commitment to Excellence are programs implemented by the TSA EWR Federal Security Director (FSD) to continue to strengthen security and customer service:

- TSA EWR's Back to Basics campaign included a focus on lead transportation security officer (LTSO), supervisory transportation security officer (STSO), and transportation security manager (TSM) communications, engagement and accountability. Results and actions include:
 - 66-percent reduction in access incidents over the past 11½ months;
 - Dedicated training lanes in passenger and checked baggage screening;
 - Breach drills conducted above required standards; and
 - Improved internal communications between TSA management and the front-line workforce.
- The TSA EWR Commitment to Excellence report was written by TSMs and STSOs at EWR. The report identified systemic issues and recommended solutions in security operations, staffing, training support, administrative support, discipline, management and workforce communications, and airport community relations.

SA is also enhancing its performance management and oversight of FSDs and airport field operations through an internal restructuring of TSA field leadership into a new regional director (RD) structure. RDs will monitor specific FSD performance metrics, which will allow TSA RDs, FSDs, and TSA headquarters leadership to assess airport performance, correct vulnerabilities, and ensure identified issues are resolved.

STATE AND LOCAL GRANT FUNDING

Question. How will DHS's distribution of 2012 grant funding reflect the risk to rail and transit?

Answer. DHS will focus its available transit security grant dollars on the highest risk systems through a competitive process and will prioritize funding for operational activities and capital asset remediation. DHS has identified critical infrastructure assets of national concern through the Top Transit Asset List (TTAL). Critical infrastructure assets are those that are vital to the functionality and continuity of a major transit system such that their incapacitation or destruction would have a debilitating effect on security, national economic security, public health or safety, or any combination thereof. With the creation of the TTAL, DHS now can target funding to the remediation of those assets on the list in an informed and risk-based approach.

CBP WAIT TIMES

Question. According to reports at Newark Liberty, arriving passengers are experiencing long wait times at Customs due to inadequate staffing. With the busy summer travel season approaching, there are concerns that wait times will continue to grow. Will you commit to working with me to provide adequate staffing levels at Newark?

Answer. CBP is working to ensure the optimal staffing is provided to the locations of highest need and risk. CBP seeks to process arriving passengers as quickly as possible consistent with national security and the enforcement of customs, immigration and agricultural regulations. Nationally, CBP processed 73.4 percent of international travelers within 30 minutes during the first quarter of fiscal year 2012, and the rate for Newark was 76 percent. The average wait time (AWT) for CBP at Newark was 21.2 minutes in the first quarter of fiscal year 2012, which was lower than the national AWT of 21.7 minutes. Newark's AWT has consistently been at or below the national average for the past 13 quarters.

GLOBAL POSITIONING SYSTEM

Question. Recent reports have highlighted the risk to the Global Positioning System (GPS) for interference, jamming or spoofing by terrorists and criminals. What is DHS doing to address the vulnerability to GPS?

Answer. The Positioning, Navigation, and Timing (PNT) Advisory Board, of which DHS is a member, is currently conducting efforts to baseline the performance of commercial GPS jammers. DHS's S&T has facilitated these efforts by helping the

PNT establish cooperative research and development agreements (CRADAs) with industry. During the summer of 2012, the PNT plans to evaluate the capabilities of commercially available jammers and systems that can detect them at the White Sands Missile Range in New Mexico. This is an important step to fully understanding the extent of the problem before developing or deploying countermeasures. DHS coordinates with other departments, including the Department of Transportation and Department of Defense, through the PNT Advisory Board.

SMUGGLING

Question. Last week, CBP caught an inbound passenger at Dulles airport attempting to smuggle in over 18,000 Vietnamese cigarettes. Christopher Hess, CBP Port Director for Washington, DC, said in a news release that this appeared to be a smuggling operation with the intent of reselling the cigarettes. These foreign cigarettes pose a serious health threat and violate Federal taxation, importation, and copyright laws. In addition to screening passengers' luggage at the airports, what is CBP doing to ensure that foreign cigarettes are not being smuggled into the United States? Are all inbound mail parcels from foreign nations being x-rayed and screened for contraband cigarettes?

Answer. CBP takes the smuggling of foreign cigarettes very seriously. CBP's Office of International Trade has developed rule sets to identify violations of trade laws within the cargo environment that endanger public health, restrict the competitiveness of the United States in the global market, and conceivably damage the United States economy. In addition to CBP's layered enforcement strategy, CBP partners with ICE and Alcohol and Tobacco Tax and Trade Bureau, through the Fraud Investigation Strike Team (FIST) program, which is designed as a measure to identify or disrupt fraud associated with CBP's importation, in-bond, and entry processes. In regards to mail shipments, CBP x-rays 100 percent of all mail shipment entering the United States from abroad utilizing this layered approach and targeted rule sets as identified above.

CENTERS OF EXCELLENCE

Question. The National Center for Secure and Resilient Maritime Commerce (CSR) at the Stevens Institute of Technology is a DHS Center of Excellence and its contract is up for renewal in June 2013. What steps will the Department take to re-compete this contract to allow the Center to continue its important work?

Answer. DHS continues to leverage the expertise found at our Nation's universities to strengthen efforts in homeland security-related science and engineering throughout the academic community. The Department's Centers of Excellence conduct research and offer educational programs, which produce technologies and analyses valuable to the Department and its partners. With the expectation that DHS will continue to need a Maritime Domain Awareness Center of Excellence (COE), as mandated in the 2006 Safe Port Act (Public Law 109-347), the Science and Technology Directorate (S&T) will initiate a re-competition for this COE beginning in summer 2012.

S&T has a rigorous evaluation and rating process for proposals received by the funding opportunity deadline. The initial steps are to assemble a cross-DHS team to write a new funding solicitation with updated maritime and port security priority research topics and questions. Then, a panel of outside subject matter experts reviews the proposals to ensure the proposed research is of the highest quality. Next, a team of internal reviewers evaluates the proposals to ensure the research will help S&T and its customers fulfill its mission of protecting the Nation well into the future. Finally, senior S&T staff and subject matter experts make site visits to the top-rated institutions to finalize their recommendations to the Under Secretary for Science and Technology.

At the end of the proposal review, S&T will select one lead institution, which will be required to form a coalition of complementary partner institutions to complete the Center's research portfolio. As a result, S&T expects there to be a number of potential roles and contributions for a variety of institutions at a Center.

S&T anticipates the funding announcement to be posted in the fourth quarter of fiscal year 2012 with an award in the latter part of fiscal year 2013.

QUESTION SUBMITTED BY SENATOR DANIEL K. INOUE

COMPACT OF FREE ASSOCIATION

Question. The conference report accompanying the Consolidated Appropriations Act for fiscal year 2012 (Public Law 112-74), directs the Department to follow Sen-

ate Report 112–74, which required the Department to report to Congress about plans to implement all legally allowable grounds of inadmissibility under the compact, among other items. Would you please provide an update on the interagency process, a status of the report, and what progress is being made to address this matter?

Answer. Consistent with the direction in the conference report, the Department is preparing a report for the Congress on those aspects of these issues that fall under the Department’s responsibilities. The report is near completion and I expect its delivery to Congress soon. Regarding the interagency process, the Department respectfully defers to the Department of Interior, which has been leading this broader effort.

QUESTIONS SUBMITTED BY SENATOR PATRICK J. LEAHY

NORTHERN BORDER STAFFING (CBP)

Question. While CBP has increased overall staffing levels along the northern border since 2001, it appears that the vast majority of these new positions are with the Border Patrol, not with CBP officers and agriculture specialists at the ports-of-entry.

I remain concerned about the low staffing levels at Vermont’s ports-of-entry, where I have received troubling reports involving overall safety practices, security procedures, and the morale and welfare of CBP officers.

On top of these issues, Autoroute 35, a new highway under construction between Montreal and the United States-Canada border at Highgate Springs, will bring up to 30 percent more traffic to Vermont’s border crossings starting next year.

Please describe the fiscal year 2013 budget request for CBP port-of-entry staffing along the northern border. How does this request compare to funding in fiscal year 2011 and fiscal year 2012?

Answer. CBP does not segregate its budget requests by geographic location. The fiscal year 2013 President’s budget funds CBP officers at 21,186 which was enhanced in fiscal year 2012 with additional positions for staffing new and expanded ports of entry. The fiscal year 2013 budget seeks to maintain the staffing for CBP officers nationwide. Particular attention is provided to yearly staffing allocations to ensure that the highest operational needs are covered including staffing needed for increased volume.

Question. Please provide both targeted and real port-of-entry staffing levels over the past 10 years at each of the ports-of-entry in Vermont.

Answer. Data is not available prior to the establishment of CBP. The table below provides the actual onboard staffing for all OFO employees in Vermont ports of entry (POE) for end of year fiscal year 2004–current.

TOTAL VERMONT STAFFING FOR ALL EMPLOYEES IN VERMONT PORTS OF ENTRY

	End of year								Fiscal year 2012 current 2/25/12
	2004 10/2/04	2005 10/1/05	2006 9/30/06	2007 9/29/07	2008 9/27/08	2009 9/26/09	2010 9/25/10	2011 9/24/11	
Total	290	301	296	290	334	329	309	309	299

Question. When is the next strategic resource assessment planned for ports-of-entry in Vermont?

Answer. CBP is currently restructuring its strategic resource assessment process. Once that process is complete, it will be possible to determine a schedule of activities.

Question. With the Canadians opening Autoroute 35 soon, what planning efforts are underway to address the staffing and infrastructure needs at Vermont’s ports-of-entry?

Answer. At this time, Autoroute 35 is under construction and not scheduled to be open to traffic until 2017. CBP will continue to monitor the developments of Autoroute 35 and will evaluate anticipated staffing and infrastructure needs as construction of the new highway continues to advance.

DISASTER ASSISTANCE TO VERMONT (FEMA)

Question. Vermont and other the other States still reeling in the aftermath of Hurricane Irene last August appreciate all of FEMA's efforts to help the rebuilding process.

Since Vermont is a very small State, our State and local governments are stretched to their limits now in trying to cover the enormous response and recovery costs, and Federal assistance is critical. Can you please provide an update on the Disaster Relief Fund? Do you anticipate having to reinstitute immediate needs funding this year?

Ultimately, the final cost-share arrangement between FEMA and Vermont is very important in terms of the State's overall capability to respond effectively to this disaster. As we continue to approach the threshold for a 90–10 split, can you please provide an update on overall FEMA expenditures in Vermont?

Answer. FEMA closely monitors the use of the DRF budget and projected balances. At this time, it would be premature to predict the need for immediate needs funding (INF) during fiscal year 2012. FEMA will, as in the past, communicate with all key stakeholders if the administration implements INF restrictions based on the balance of the DRF relative to FEMA's ability to address a significant, no-notice disaster.

As of March 16, 2012, FEMA had obligated \$88.5 million for Tropical Storm Irene expenses in Vermont, of which \$61.7 million would qualify for a cost-share adjustment. The remainder of \$26.8 million is administrative costs, which are not applied to the cost-share calculation.

MARRIAGE-BASED IMMIGRATION (USCIS)

Question. On February 9, 2012, I wrote to you along with the Vermont congressional delegation to encourage you to reconsider the Department of Homeland Security's policy regarding marriage-based immigration petitions for same-sex spouses, including the specific case of a Vermont couple, Frances Herbert and Takako Ueda, who are lawfully married under Vermont statute.

Given the administration's decision to no longer defend the constitutionality of the Defense Against Marriage Act and the pending challenges to this controversial law in several courts, I previously recommended that you hold all such petitions in abeyance until the law is settled. The agency denied the spousal-based petition of Ms. Herbert and Ms. Ueda rather than holding it in abeyance, even though a denial of abeyance will force an otherwise law-abiding immigrant to fall out of lawful status.

Particularly in States such as Vermont, where same-sex marriages are legally recognized, we believe that family based cases such as Ms. Herbert's and Ms. Ueda's are deserving of full consideration of prosecutorial discretion. We believe that USCIS has the legal authority to hold such cases in abeyance, and ask that you reconsider the agency position. Will you do so?

Answer. At the direction of the President, the Executive branch, including DHS is continuing to enforce section 3 of the Defense of Marriage Act (DOMA) until the law is repealed by Congress or the judicial branch renders a definitive verdict on the law's constitutionality. Thus, the Department is unable to adopt a categorical policy of holding in abeyance applications for immigration benefits affected by DOMA. As in other contexts, USCIS reviews requests for abeyance or deferred action on a case-by-case basis for urgent humanitarian considerations or other compelling and unique factors. For privacy reasons, USCIS cannot comment on individual cases or applications.

FEDERAL EMPLOYEE ISSUES

Question. Over the course of the past year, Congress has considered numerous personnel-related proposals that would affect the pay and benefits your Department can provide. These include an extension of the Federal basic-pay pay freeze, changes to the Federal Employees Retirement System requiring higher contributions by new hires, extension of the probationary period for new hires, and a "hiring freeze by attrition" that would allow the Government to replace every two or three employees who leave Government service with one new hire. These proposals, if enacted, would likely have a deleterious effect on Federal employment and employee morale generally.

Given the importance of DHS personnel to our Nation's security, has your Department examined the potential effects that any of the abovementioned policy changes would have on its ability to recruit and retain the best possible workforce? If so, what were the results of that examination?

Answer. DHS continues to monitor the congressional proposals concerning pay/benefits for the Federal workforce. We have not analyzed the impact of these proposals on our future ability to recruit and retain a high-performing workforce.

Question. In general, how would DHS's critical homeland security missions be affected if it was only able to replace every three law enforcement officers in the field who leave Government service with one new officer? Are there programs or operations that would have to be canceled or consolidated if DHS's law enforcement workforce was cut by 10 percent as some have proposed?

Answer. Cuts of this magnitude would directly impact DHS's front-line operations, rolling back significant progress in securing our Nation's borders; increasing wait times at our Nation's land ports of entry and airports; impacting aviation and maritime safety and security; and protecting our Nation's critical infrastructure. The cuts would include the reduction of:

- Over 2,000 Border Patrol agents—a decrease to below fiscal year 2009 levels;
- More than 2,100 CBP officers—a cut to below fiscal year 2008 on-board levels, increasing wait times at our Nation's land ports of entry;
- Approximately 700 Secret Service personnel—a cut to below fiscal year 2005 force levels from current on-board levels which affects the work of special agents, uniformed division officers, and protective detail personnel; and
- Nearly 670 ICE investigators, which would significantly reduce homeland security investigations.

Question. Since 2009, the Federal Government has operated under a pay freeze for rates of basic pay under the General Schedule. What impact, if any, has this policy had on the Department's recruitment and retention efforts?

Answer. In recent years, DHS has developed ways to more closely align and integrate its recruitment and outreach strategies between headquarters, components, and field offices. This enables the Department to manage recruiting and outreach operations more effectively in order to achieve efficiencies. At this time, DHS is not experiencing difficulties in recruiting individuals to apply for our positions. Moreover, after 2007 DHS realized a significant increase in retention rates, and has continued to realize a steady increase in subsequent years. The Department had approximately an 83-percent retention rate in 2007, and has been above 90 percent since.

Given the current fiscal climate, DHS is focused on recruiting highly qualified candidates with a diverse set of experiences, abilities, and attributes, as well as retaining a high performing workforce. As a result, DHS is working with OPM to collect applicant flow data to ensure a diverse pipeline of candidates. In addition, DHS is finalizing its first Diversity and Inclusion Strategic Plan for fiscal years 2012–2015. The plan provides the framework for recruiting a diverse workforce, creating an inclusive workplace, and ensuring management accountability. It also serves as a dynamic road map to guide our efforts in making DHS a leader in creating and sustaining a high-performing workforce and the premier employer for anyone committed to serving and protecting our Nation.

Question. Can you provide us with an analysis comparing DHS's recruitment and retention efforts between 2003–2008 and 2009–2012?

Answer. On December 21, 2010, Secretary Napolitano issued the Department of Homeland Security Workforce Strategy for fiscal years 2011–2016. As a result, OCHCO led the development of the DHS Coordinated Recruiting and Outreach Strategy for fiscal years 2012–2017. This underscores the importance of recruiting a highly qualified and diverse workforce while improving the performance and efficiency of DHS operations. It is designed to guide outreach and recruitment efforts across DHS; enabling the systematic development of operational strategies with action plans that meet our overall objectives, which include reducing duplication of effort, leveraging all outreach and recruiting resources, integrating recruiting and outreach plans across the DHS enterprise, decreasing agency outreach and recruiting costs, and presenting a unified DHS image. This strategy is being implemented through a pilot phase beginning in April 2012 through May 2013 in which DHS will cross-train recruiters to be able to share information about all DHS employment opportunities, allowing components to leverage resources and provide a unified DHS image to the public. Prior to 2009, recruitment across the Department was often fragmented and stove-piped. DHS' current coordinated recruitment and outreach efforts have brought more clarity to the recruitment process and furthered the One-DHS brand.

QUESTIONS SUBMITTED BY SENATOR DANIEL COATS

BUDGET PRIORITIES

Question. The three largest increases proposed in the President's budget from fiscal year 2012 are for State and local grants (+\$500 million), Cyber (+\$325.8 million), and Science and Technology (+\$163.4 million). While the three most significant decreases are in Coast Guard (−\$337.7 million), U.S. Immigration and Customs Enforcement (−\$218 million), and the Transportation Security Administration (−\$173 million). Why are these increases a priority for the Department when they come at the expense of reductions in front-line operations?

Answer. The discretionary budget caps set by the Budget Control Act require difficult decisions, and every component in DHS will be impacted in some way by the current fiscal environment. We have focused on preserving critical front-line operations through administrative cuts which were made as part of a deliberate process to minimize operational impacts on the front line within our components. To preserve core front-line priorities in fiscal year 2013, we have redirected over \$850 million in base resources from administrative and mission support areas, including contracts, personnel (through attrition), information technology, travel, personnel moves, overtime, directed purchasing, professional services, and vehicle management.

The reductions referenced above largely fall into these categories as well as from nonrecurring expenses in fiscal year 2012. With respect to the Coast Guard, the request for the operating expenses appropriation that largely funds front-line operations is \$36 million higher than the fiscal year 2012 enacted budget. The major reductions relative to the fiscal year 2012 enacted budget include unnecessary funding for Coast Guard's Medicare-Eligible Health Care Fund contribution (−\$92 million); one-time funding in 2012 for USCG research and development (−\$8 million) and −\$272 million in the Coast Guard's Acquisition, Construction and Improvements (ACI) appropriation. The request for the zero-based ACI account varies from year to year depending on project priorities and schedules. In 2013, the budget directs ACI resources toward the Commandant's highest priorities, including fully funding the sixth NSC.

The fiscal year 2013 budget reduces TSA funding for Explosive Detection Systems (EDS) because of the extraordinary investment in EDS provided by the American Recovery and Reinvestment Act and prior appropriations. TSA is focusing on recapitalizing existing EDS systems to sustain our current capabilities; front-line operations are not reduced or scaled back. Additionally, a fiscal year 2012 legislative change allows Aviation Security Capital Fund fee revenues to be used for the procurement and installation of EDS equipment as necessary and will maintain adequate funding for TSA's checked baggage screening.

With regards to a decrease in ICE's budget, we've taken a hard look at where we can realize additional efficiencies, eliminate redundant functions and stretch our dollars further. We also look to programs that may vary in costs year to year based on their implementation requirements (i.e., Secure Communities). While the ICE budget is below the fiscal year 2012 enacted budget level, it does not sacrifice front-line operational capability; instead creating a more efficient and effective organization. The vast majority of the savings are due to significant cost-saving measures and efficiencies that allow ICE to strengthen core front-line operations. In total, the request includes more than \$200 million in costs savings from administrative efficiencies, such as vehicles, overtime, travel, professional service contract reductions, as well as a reduction to mission support staffing, allowing the agency to preserve essential agency operations.

Regarding the areas that were prioritized for increases in fiscal year 2013, consistent with prior year requests, the administration continues to focus on support for State and local first responders, cutting-edge research and development, and cybersecurity.

Grants

The fiscal year 2013 budget requests \$1.5 billion to build and sustain State and local capabilities, enhance terrorism prevention and protection capabilities and protect critical infrastructure and key resources. This funding will sustain resources for fire and emergency management grants while consolidating 16 other grants into the new, streamlined National Preparedness Grant Program (NPGP)—designed to develop, sustain, and leverage core capabilities across the country in support of national preparedness, prevention and response.

The administration believes the additional funding is critical to overall maintenance and sustainment efforts of capabilities built over the 10 years. In fiscal year 2012, the allocations to State and local grantees were reduced by as much as 60

percent due to budget cuts. Yet, the most recent self-assessments of State/territory capabilities show that on average, grant recipients rate their capability levels between 42 percent and 78 percent for different core capabilities, indicating that additional funding for filling capability gaps is still a requirement. Additional reductions going forward will make it difficult over the long term to maintain the capabilities grantees have built that support disaster preparedness, response and terrorism protection/prevention.

Cyber

DHS leads the Federal Government's efforts to secure civilian Government computer systems and works with industry and State, local, tribal, and territorial governments to secure critical infrastructure and information systems. The fiscal year 2013 budget makes significant investments in cybersecurity to expedite the deployment of EINSTEIN 3 to prevent and detect intrusions on Government computer systems; increases Federal network security of large and small agencies; and continues to develop a robust cybersecurity workforce to protect against and respond to national cybersecurity threats and hazards. The increased funding will further reduce risk in the Federal cyber domain by: addressing vulnerabilities in civilian Federal network cybersecurity; supporting continuous monitoring of Federal agencies; and improving the common operating picture of threats to the civilian Federal cyber network. This initiative will directly support Federal civilian departments and agencies in developing capabilities that will improve their cybersecurity posture to thwart advanced, persistent cyber threats.

Science and Technology

The fiscal year 2013 budget includes funding for critical research and development (R&D) programs to improve homeland security through state-of-the-art solutions and technology. The proposed R&D funding level in fiscal year 2013 is commensurate with that in fiscal year 2011 and will enable S&T to support the needs of front-line operational components, while conducting R&D work in priority areas such as: explosives (aviation security); bio-threat security; cybersecurity; and first responders.

ST. ELIZABETHS DHS HEADQUARTERS PROJECT

Question. All prior plans for the DHS headquarters project at St. Elizabeths show that the General Services Administration (GSA) is to bear the costs of access roads and utilities for the project, including the Malcolm X/Route 295 interchange required to support phase 2 DHS population. In the interim, this interchange would primarily benefit Bolling Air Force Base and the local population in Anacostia. The President's fiscal year 2013 budget now requests \$89 million in DHS funding for this highway interchange. Why has the funding for the Malcolm X/295 interchange funding, originally intended to be borne by the GSA, been shifted to DHS and why is it included in the fiscal year 2013 DHS request since it was originally designated to support phase 2 DHS population at St. Elizabeths?

Answer. This funding will provide for critical transportation infrastructure necessary to support the U.S. Coast Guard (USCG) and additional future occupancies on the St. Elizabeths campus. DHS is the sole St. Elizabeths occupant, so the funding is being requested by DHS. The interchange project will additionally benefit Joint Base Anacostia-Bolling and improve traffic flow for the community in surrounding neighborhoods, and is expected to provide approximately 2,900 jobs. The project is being developed collaboratively with other Federal, DC, and local community partners, but DHS will be the primary beneficiary of the interchange. Funding for this project is included in the fiscal year 2013 request to ensure adequate traffic support for the USCG and future phase 2 occupancies.

FINANCIAL MANAGEMENT CONTROLS

Question. After years of being on the high-risk list maintained by the Government Accountability Office, the Department of Homeland Security received its first qualified opinion on its fiscal year 2011 balance sheet and statement of custodial activities. This is allowing DHS to move to a full scope audit in fiscal year 2012. What else can the Department do to improve its audit results and what are the most significant obstacles to further improvement?

Answer. Obtaining a qualified opinion is a pivotal step to increasing transparency and accountability and accurately accounting for the Department's resources and is a significant milestone that highlights how we have significantly improved financial management at DHS. This year's audit results provide clear evidence of continued management improvements at DHS and we are committed to continuing to strengthen and mature financial management across the Department to ensure

strong stewardship of the resources entrusted to us and to improving the systems and processes used for all aspects of financial management to demonstrate the highest level of accountability and transparency. We continue to work closely with components to mitigate risk of new material weaknesses or audit qualifications. In particular, we are implementing a risk-based focus to managing the audit and internal controls to ensure we address areas that have the highest impact first, developing and executing remediation plans to ensure improvement, establishing risk management progress reviews, and sharing best practices among components to speed progress by all.

One of the most significant obstacles to further improvement is in the area of financial systems. DHS is challenged with disparate systems and is too reliant on manual processes, limiting our ability to efficiently gather enterprise-level information necessary audit and internal control successes.

The DHS focus for financial management systems effort is to:

- Prioritize system sustainment and upgrade activities;
- Improve Department financial management incrementally by implementing core financial functions and adding additional commodities over time in smaller bursts through agile development and deployment;
- Increase data accuracy, transparency, and portability; and
- Increase business intelligence capabilities.

DHS is continuing to work to remediate remaining internal control weaknesses. In fiscal year 2012, working with the auditors, DHS is identifying areas where efficiencies can be obtained by integrating management's internal control assessments with the audit. As internal control weaknesses are remediated and controls are determined to be effective, this will allow the auditors to place more reliance on controls and reduce transaction testing for the audit.

MANAGEMENT EFFICIENCIES

Question. Madam Secretary, the fiscal year 2012 budget request identified over \$800 million in administrative savings and management efficiencies. The fiscal year 2013 request identifies another \$850 million in savings in management efficiencies. Everyone needs to be looking at ways to run things leaner and more efficiently in this tight fiscal time. How are you ensuring and monitoring that these savings are being achieved in fiscal year 2012 and further identified for fiscal year 2013 to make certain that these don't result in backdoor program reductions?

Answer. Since the beginning of this administration, the Department of Homeland Security (DHS) has made an unprecedented commitment to efficiency and has implemented a variety of initiatives to cut costs, share resources across components, and consolidate and streamline operations wherever possible in order to best support our front-line operations and build a culture of fiscal discipline and accountability at DHS.

With the launch of Secretary Napolitano's Department-wide Efficiency Review (ER) in March 2009, DHS has been proactive in promoting efficiency throughout the Department. We have changed the way DHS does business, identifying over \$3 billion in cost avoidances by streamlining operations and fostering a culture of greater transparency, accountability and fiscal discipline. To date, ER has launched 44 initiatives and identified savings achieved through other Department-wide initiatives, such as the Office of Management and Budget (OMB) Acquisition Savings Initiative, which has resulted in \$1.3 billion in savings from October 2009 thru June 2011. To preserve core front-line priorities in fiscal year 2013, we have redirected over \$850 million in base resources from administrative and mission support areas, including contracts, personnel (through attrition), information technology, travel, personnel moves, overtime, directed purchasing, professional services, and vehicle management.

The DHS ER requires components to report on their cost avoidances and progress achieved for the ER initiatives on a quarterly basis through a Web-based reporting tool (ERQR). The ERQR is used to collect both quantitative data (through reporting on standardized metrics) and qualitative data (through narrative descriptions for components to report other progress and results).

Relating to administrative savings and management efficiencies, components are responsible for identifying their progress in meeting efficiency targets. The DHS Office of the Chief Financial Officer (OCFO) periodically reviews component progress.

NATIONAL GUARD SUPPORT FOR BORDER PATROL

Question. At the end of calendar year 2011, the administration announced that between January 1, 2012, and March 31, 2012, it will start to transition the support provided by the National Guard to the Border Patrol on the Southwest border from

“boots on the ground” to “boots in the air.” At the same time, the fiscal year 2013 budget proposes fewer resources for CBP Air and Marine which supplies air support to Border Patrol today. From fiscal year 2010 to fiscal year 2012 there has been a decrease of almost 14,000 hours of air support provided by Air and Marine to the Border Patrol along the Southwest border. Given that the National Guard is projected to provide the Border Patrol only 1,200 hours of air support under “boots in the air”—where will the remaining 12,800 hours of air support be found so that Border Patrol can at least be provided with air support equal to fiscal year 2010?

Has the transition from “boots on the ground” to “boots in the air” been completed?

What level of National Guard personnel will perform the air support mission? How does that compare to the number of National Guard on the Southwest border today?

What are the specific number of air craft and pilots that will be dedicated to Border Patrol?

Are the air assets to be used by the National Guard going to be dedicated to the Southwest border and the Border Patrol or available only on an “as needed” basis?

Where are the National Guard air assets coming from that are going to be used on the Southwest border—and what impact will that have on the National Guard counterdrug mission or its other missions?

How long will the National Guard air support last? Through the end of the current fiscal year? Into fiscal year 2013 or fiscal year 2014? When will the final hand-off to the Border Patrol happen?

Answer. The response to this question is being provided separately, as it is law enforcement sensitive.

DRUG TRANSIT ZONE MISSION RESPONSIBILITIES

Question. Since the mid-1980s, civilian law enforcement agencies have assisted each other and the military with drug interdiction in the Caribbean basin and the Pacific Ocean—an area known as the “transit zone”—as it is better to stop the drugs in the transit zone than at the border or inside a U.S. city. After the creation of the Department of Homeland Security, two agencies continued to support interdiction in the transit zone—the U.S. Coast Guard, and the U.S. Customs and Border Protection (CBP) with its P-3 long-range surveillance aircraft.

The fiscal year 2013 budget calls into question the Department’s continued commitment to the transit zone mission—at least within CBP. With the reductions to the P-3 extension program it is not clear how rigorous the internal process is that will determine the Department’s future role in transit zone interdiction. Is the Department engaging in a thorough interagency review on whether or not to continue its involvement in supporting transit zone enforcement?

Answer. The Department of Homeland Security is fully committed to transit zone enforcement. To that end, we are currently engaged in the “Blue Force Allocation Mitigation” process, which will help increase our presence and effectiveness in the transit zone. This interagency review, conducted in coordination with the Office of National Drug Control Policy and the United States Interdiction Coordinator (USIC), will improve and offer additional support to transit zone enforcement. Additionally, the Department has made numerous improvements to the P-3 aircraft over the years including the addition of the SEAVUE Maritime Surveillance Radar, the MX-20 EO/IR system and OSI (Ocean Surveillance Initiative) which allows CBP OAM aircraft to share ship tracks between like configured CBP OAM aircraft (i.e., P-3, DHC-8, Guardian unmanned aerial vehicle).

OVERSEAS VETTED INVESTIGATIVE UNITS

Question. U.S. Immigration and Customs Enforcement (ICE) has seen success with its overseas vetted units. Currently ICE has no stable source of funding to ensure that these units can continue to contribute to making their own countries safer and protecting the United States. Have you considered requesting appropriated funds for these units?

Answer. In prior years, ICE did not request or receive direct funding for transnational criminal investigative unit (TCIUs, formally known as “vetted units”) because we ICE did not have legal authority; rather the U.S. Department of State, the U.S. Department of the Treasury, and the U.S. Department of Defense provided financial resources for the TCIU program on a case-by-case basis. In the fiscal year 2012 enacted appropriations, ICE received authority to request and spend its own appropriations on TCIUs. ICE will continue to utilize funding from State, Treasury, or Defense, while considering future requests for long-term dedicated funding now that we have ICE has the authority to do so.

TRANSFER OF US-VISIT

Question. The fiscal year 2013 budget proposes to split the functions and funding of US-VISIT between CBP and ICE. What is your vision of how this reorganization of US-VISIT will help to improve the entry-exit process in the United States? How will you ensure that all of the various customers of US-VISIT—U.S. Citizenship and Immigration Services, ICE, State Department—will still have their needs met?

Answer. The fiscal year 2013 budget proposes the transfer of US-VISIT functions from the National Protection and Programs Directorate (NPPD) to U.S. Customs and Border Protection (CBP) and U.S. Immigration and Customs Enforcement (ICE). Currently, CBP operates numerous screening and targeting systems, and integrating US-VISIT within CBP will strengthen the Department's overall vetting capability while also realizing efficiencies.

Pending enactment, CBP will assume responsibility for the core US-VISIT operations and management of the biometric and biographic information storage and matching and watchlist management services. ICE will assume responsibility of the US-VISIT overstay analysis services. CBP uses US-VISIT systems to help determine admissibility of foreign nationals arriving at all U.S. ports of entry (POEs) and to process aliens entering the United States illegally between the POEs. Currently, CBP operates numerous screening and targeting systems, supporting more than 70,000 users from over 20 Federal agencies that are responsible for a wide range of programs that rely on CBP information and systems to determine benefits, process travelers, inform investigations, support case management, and enhance intelligence capabilities. The US-VISIT systems will complement the CBP systems by adding the biometric identification and screening capabilities, which are also used across and beyond DHS. It will streamline interactions with the U.S. Department of State and the Federal Bureau of Investigation for both biographic and biometric screening.

Although ICE will assume responsibility for US-VISIT overstay analysis, CBP and ICE will collaborate on system support for the overstay mission. Transition of the analysis and identification of the overstay population in ICE clearly aligns with the ICE mission of administrative immigration enforcement.

CBP, ICE, and US-VISIT have established a transition team composed of senior representatives from each organization. This transition team is working to identify and prioritize crucial functional areas and determine the optimal strategy for transitioning each function.

This transition team will identify targets of opportunity for operational and cost efficiencies. Priority will be placed on those transition initiatives that focus on increases in efficiency and effectiveness within mission support and "corporate" functions such as logistics, human resources, and information technology. Once all of the information is collected and arrayed, it will be analyzed with the goal of finding efficiencies while maintaining US-VISIT's mission with no degradation of services.

A final transition plan will be made available to all external stakeholders by the end of July 2012.

OFFICE OF HEALTH AFFAIRS

Question. The role of the Department of Homeland Security's Office of Health Affairs in biosurveillance vis-a-vis the U.S. Department of Health and Human Services and the U.S. Department of Agriculture remains unclear. It often appears as though the Department of Homeland Security is duplicating the much larger efforts in this arena that other departments perform. How do you define the unique mission space that is the sole responsibility of the Department of Homeland Security in biosurveillance vice HHS and USDA?

Answer. Effective national biosurveillance must provide both early warning and ongoing situational awareness before and during a biological event of national concern.¹ The Office of Health Affairs (OHA) through the National Biosurveillance Integration Center (NBIC) provides unique biosurveillance capabilities not found in HHS, USDA, or anywhere else in the civilian agencies through:

- Support for the Secretary's coordination and leadership responsibilities for domestic incidents;
- Integration of biosurveillance information across multiple sources and domains to establish shared situational awareness among the biosurveillance community;
- Close coordination with the intelligence community;

¹A "biological event of national concern" is defined in Public Law 110-53 as "an act of terrorism involving a biological agent or toxin; or a naturally occurring outbreak of an infectious disease that may result in a national epidemic."

- Access to unique DHS data;
- Innovative pilots examining new data sources and analytic techniques not currently employed in biosurveillance; and
- Integration of multiple early warning programs in the same organization—systems-based detection (BioWatch) and surveillance (NBIC, and its support of the interagency National Biosurveillance Integration System, NBIS).

NBIC's biosurveillance capability supports coordinated disaster management. The Secretary of Homeland Security, as designated in HSPD-5, is the Principal Federal Official for domestic incidents involving the coordination of multiple agencies. As such, the Secretary requires the ability to maintain situational awareness before a biological event, during the event, and throughout the subsequent response. DHS's unique mission space includes disaster management responsibilities, and no other agency collects and integrates all of the information DHS needs to carry out these responsibilities. NBIC's mission and activities help prevent duplication in biosurveillance by integrating, correlating, and connecting information from disparate sources and domains, which reduces the likelihood that resources are applied to answering the same question, or pursuing the same information, by multiple stakeholders.

In a biological event of national concern, NBIC coordinates with interagency partners to provide the White House and other crisis managers in the Federal Government with a consolidated view of the event with respect to human, animal, plant, food, and environmental information. In the absence of NBIC to integrate the biosurveillance information, multiple uncoordinated reports requiring resources for likely duplicated effort would be submitted by a number of departments and agencies. Difficulties in Federal coordination following the Amerithrax attacks in 2001 provide a good example of both the need for and the unique role of a coordinating entity before and during an event.²

NBIC partners with HHS, USDA and others who provide input to national biosurveillance integration. For emerging incidents primarily restricted to a single domain, the responsible agencies have developed surveillance systems that fulfill their unique mission responsibilities. The expert work of HHS, USDA, and other NBIS partners provide DHS and other stakeholders with baseline and background information required to detect anomalies, as well as domains-specific information during events. However, as incidents encompass multiple domains including human, animal, plant, food, and environmental systems, shared situational awareness must be established to provide insights that cannot be gleaned in isolation. Moreover, shared analysis increases the likelihood of early identification of events. No single entity outside of NBIC, or the NBIS collaboration NBIC facilitates, is looking at the overall picture across animal, human, and environmental health domains. Through NBIC, DHS provides the platform for this collaboration, in which HHS and USDA serve as full and equal members of the NBIS.

NBIS and the intelligence community (IC) partnerships have the additional benefit of fostering shared awareness of biosurveillance information and assets across the Federal Government. As the 2009 H1N1 influenza pandemic demonstrated, it is not sufficient to only examine human outbreaks of disease to get a clear situational understanding but must additionally incorporate surveillance of livestock and wild animal populations. A bioterrorism attack would likely have even broader ramifications and require integration of a greater number of interdisciplinary sources and require coordination across multiple domains and agencies to support informed decisions regarding consequence mitigation. In addition to domain integration, NBIC also coordinates directly with the IC. NBIC staff is physically co-located with the CBRN intelligence branch of the DHS Office of Intelligence and Analysis, one of the 17 agencies within the U.S. IC. Direct connection to the intelligence community confers a unique capability to DHS biosurveillance efforts, facilitating integration of threat reporting for potential bioterrorism events into NBIC analysis and products.

DHS provides a unique set of biosurveillance data for NBIC integration. Another unique aspect of biosurveillance within DHS is its workforce of over 100,000 operational staff in key travel, trade, and transmission nodes such as borders, ports, and airports. OHA is collaborating internally with the DHS Chief Human Capital Office and chief information officer to identify available information that could serve as a potential resource for early warning.

²Lack of coordination and management of the Federal response to the 2001 Anthrax Attack is highlighted in the Government Accountability Office, *BioTerrorism: Public Health to Anthrax Incidents of 2001*, GAO 04-152 (Washington, D.C.: GAO, 2003) and the Center for Strategic and International Studies and Defense Threat Reduction Agency, *Anthrax Attacks: Implications for U.S. Bioterrorism and Preparedness*, Washington, D.C., 2002 (Sponsored by the Defense Threat Reduction Agency: Contract Number OTRAM-02-C-0013).

NBIC is pursuing innovation. NBIC is in the process of developing and fielding a number of innovative pilots designed with more prospective approaches than traditional health surveillance. The pilots include the application of recent advances in analytic methods to previously under-utilized data such as social media and Emergency Medical System (EMS) data, as well as DHS data and information, so biological events can be detected earlier. As full members of NBIS, HHS, USDA, and our other interagency partners are helping to develop the pilots, and will be recipients of all results from the pilots.

OHA provides the integration of multiple early warning programs in the same organization. Unlike many other potential hazardous events that are overt, biological events that threaten the Nation may not be apparent until well into the event, as exposed individuals begin seeking treatment. Bioterrorism attacks in food or water, naturally occurring disease events, and bioterrorism aerosol releases that do not encounter a BioWatch collector can only be detected through diligent surveillance of public, animal, and environmental health. DHS is the only civilian agency to integrate detection and surveillance programs into the same organization; BioWatch and NBIC merge environmental detection with biosurveillance information from interagency partners, the intelligence community, and other sources, to provide a layered, early-warning defense architecture for the Nation. The earlier the Nation is aware of an event, the more lives can be saved, illnesses prevented, and economic damage mitigated.

FEMA DISASTER RELIEF FUND

Question. For the last several years the President has submitted budget requests that knowingly underfunded the Disaster Relief Fund—with the expectation that Congress would provide emergency appropriations to cover the shortfall. This year the President has requested \$6.1 billion for the Disaster Relief Fund—\$608 million in direct appropriations and \$5.481 billion under the disaster cap adjustment as provided for under the Budget Control Act of 2011. Madam Secretary, can you confirm for us that the total fiscal year 2013 request for the Disaster Relief Fund of \$6.1 billion is adequate for the known liabilities and potential noncatastrophic disasters for fiscal year 2013?

Answer. The fiscal year 2013 President's budget amount for the Disaster Relief Fund supports known liabilities and potential noncatastrophic disasters for fiscal year 2013. The fiscal year 2013 Disaster Relief Fund request is based on a new way to estimate projected need that enhances our existing budget practices through increased financial transparency, better projections, and a real-time budgeting in accordance with the Budget Control Act of 2011.

STATE AND LOCAL GRANTS: NATIONAL PREPAREDNESS GRANT PROGRAM

Question. The fiscal year 2013 request includes a proposal for Congress to provide funds for one grant program that would be competitively awarded. The new National Preparedness Grant Program would take the place of the current State Homeland Security Grant program, the Urban Area Security Initiative program, the Transit Grant program, and the Port Security Grant program. Can you expand for us on the description in the budget on how you see the National Preparedness Grant Program working?

What is the minimum level of Federal grant dollars needed to sustain the State and local capabilities that have been built using Federal homeland security grant dollars?

How did you arrive at the \$500 million as the additional amount needed to cover sustainment costs? Please provide a breakdown of the \$500 million requested increase, how much is based on unmet State and local needs, State and local reducing emergency personnel, State and local communities delaying maintenance, etc.?

How much of the \$500 million requested increase will be directed toward filling capability gaps? How was that amount arrived at—as the necessary funding for filling capability gaps?

Answer. FEMA is currently working with the stakeholder community to solicit input and feedback on the NPGP proposal. The NPGP broadly focuses on the development and sustainment of the core capabilities identified in the national preparedness goal in order to build a national preparedness capacity based on cross-jurisdictional and readily deployable State and local assets. As outlined in the fiscal year 2013 budget proposal, we expect to allocate funds under the NPGP across three broad-purpose areas:

- Building and sustaining core capabilities;
- Enhancing terrorism prevention and protection capabilities; and
- Critical infrastructure and key resource protection.

As envisioned, minimum allocations will be available to States and urban areas for the purpose of developing and sustaining core capabilities. Other funds will be distributed to States and urban areas on a competitive basis. Funds distributed on a competitive basis will be validated through the FEMA regional and State threat and hazard identification and risk assessment (THIRA).

The President's fiscal year 2013 budget requests \$1.5 billion to build and sustain State and local capabilities, enhance terrorism prevention and protection capabilities and protect critical infrastructure and key resources, which is \$500 million over the fiscal year 2012 enacted appropriation. The administration believes the additional funding is critical to overall maintenance and sustainment efforts of capabilities built with the \$35 billion in grant funding previously awarded. The allocations to our grantees were reduced by as much as 60 percent in fiscal year 2012 due to reduced funding levels. Such reductions will make it difficult over the long term to maintain the capabilities grantees have built that support disaster preparedness, response and terrorism protection/prevention.

Recent analysis of fiscal year 2011 Homeland Security Grant Program investment justifications indicated that 64 percent of those investments were proposed for sustaining existing capabilities and that the remaining 36 percent of those investments is proposed for building new capabilities. This data demonstrates the shift to and need for sufficient funding to sustain capabilities that have already been built with grant funding. It is expected that sustainment funding will be utilized for post purchase lifecycle costs including maintenance contracts, equipment updates and replacement, refresher training and exercise activities and well as the updating and enhancement of emergency operations plans. The most recent self-assessments of State/territory capabilities show that on average, grant recipients rate their capability levels between 42 percent and 78 percent for the different core capabilities, indicating that additional funding for filling capability gaps is still a requirement. It is expected that additional capability gaps will be identified in the THIRA process that will be conducted during 2012.

IMMIGRANT INTEGRATION AND CITIZENSHIP GRANTS

Question. Section 551 of the Department of Homeland Security Appropriations Act, 2012, requires that \$10 million of the funds deposited into the Immigration Examinations Fee account be available for Immigrant Integration and Citizenship grants. Is the \$10 million in fees required by law to fund these grants being made available? If not, why?

Answer. Section 551 allows for up to \$10 million for the purpose of providing an immigrant integration grants program. USCIS considers this \$10 million as the maximum amount authorized for this purpose in fiscal year 2012. Within the parameters of this, USCIS will allocate \$4.96 million to continue the program in fiscal year 2012. This amount recognizes the importance of the grant program to USCIS' civic integration mission without requiring USCIS to raise user fees.

CYBERSECURITY

Question. From fiscal year 2011 to fiscal year 2012, DHS' cyber budget increased over \$80 million, or 22 percent. What did that \$80 million buy us?

The President's fiscal year 2013 budget requests \$769 million, an increase of nearly \$326 million, or 74 percent, over fiscal year 2012. If enacted, what would that buy us?

The largest portion of the increase proposed for DHS cyber activities for fiscal year 2013 is \$202 million for cybersecurity capability improvements to support continuous monitoring at high-priority Federal agencies. What is the importance of this initiative and what exactly will be accomplished with this funding? Which are the high-priority Federal agencies and will this be a one-time or multi-year investment? What are the outyear costs?

If the Cybersecurity Act of 2012, is signed into law, what is the estimate for the necessary funding to implement that legislation in fiscal year 2014, fiscal year 2015, and fiscal year 2016? How many more people will DHS need to hire to implement that bill if it becomes law?

According to a survey commissioned by Bloomberg Government, private industries said they would be able to improve cyber defenses in the next 12 to 18 months so that, on average, they can stop 84 percent of cyber attacks, up from the current level of 69 percent. To reach that level of security, the 172 companies surveyed reported they would have to collectively spend almost double what they are currently spending on cybersecurity (\$10.2 billion versus \$5.3 billion). According to the same survey, securing systems to prevent 95 percent of cyber attacks, considered by security experts as the highest attainable level, would cost the 172 companies \$46.6 bil-

lion, or 774 percent more than current spending. What level of security will the Federal Government require of private companies under the proposed Cybersecurity Act of 2012?

According to the same survey, companies spend the largest share of their cybersecurity budget on governance and control activities, which include regulatory compliance. What can Congress do to alleviate this burden so that private companies focus more on protection and less on Government compliance?

Answer. The increase in DHS's cybersecurity budget from fiscal year 2011 to fiscal year 2012 supports increased intrusion detection and initial intrusion prevention capabilities for Federal agencies. The additional funds will:

- Increase the Department's analytic capacity and its onsite and remote incident response capabilities;
- Improve DHS's ability to support Federal agencies, State and local governments, and private-sector critical infrastructure as they mature their cybersecurity postures; and
- Enhance supply chain and software assurance practices, educational initiatives, outreach and awareness activities, and cybersecurity exercises supporting public and private-sector operational capacity.

The following are examples of the Department's fiscal year 2012 achievements through the second fiscal quarter:

- Provided onsite and remote incident response support to the public and private sectors through the Industrial Control Systems Cyber Emergency Response Team (ICS-CERT) to respond to and analyze cyber threats and control systems incidents, conduct vulnerability and malware analysis, and provide onsite support for forensic investigations and analysis;
- US-CERT increased actionable, bi-directional information sharing with critical infrastructure owners and operators through the Cyber Information Sharing and Collaboration Program (CISCP), which is increasing the quality and quantity of information sharing with critical infrastructure through a scalable and secure analysis and collaboration environment;
- Managed a growing number of EINSTEIN 2 alerts and incidents, operating a growing network of EINSTEIN 2 sensors, and providing situational awareness of malicious activity across Federal networks;
- Performed nine cybersecurity compliance validation (CCV) assessments of all Trusted Internet Connection Access Provider and Chief Financial Officer Act agencies to objectively and quantifiably measure Federal agency implementation of Office of Management and Budget Cybersecurity Memoranda, the Federal Information Security Management Act, and the Trusted Internet Connection Initiative;
- Performed two risk and vulnerability assessments of all trusted Internet connection access providers and CFO act agencies to determine the cybersecurity posture of the Federal Government and enable prioritized risk remediation in a manner maximizing return on investment;
- Executed the Nationwide Cyber Security Review (NCSR), which assessed cybersecurity posture across State and local governments; and
- Conducted components of Cyber Storm IV and National Level Exercise 2012.

The following are examples of the Department's fiscal year 2012 planned activities through the third and fourth fiscal quarters:

- Achieve initial operational capability for EINSTEIN 3 Accelerated (E3A), the latest evolution of the National Cybersecurity Protection System;
- Support the Multi-State Information Sharing and Analysis Center's (MS-ISAC) Managed Security Services (MSS) activity, which enables risk-based and cost-effective security by leveraging a centralized capability to detect, prevent, and respond to cyber incidents on State government networks through network intrusion detection/prevention monitoring and vulnerability scanning services;
- Complete deployment of a security information and event management analytical capability and increased data feeds to provide a more complete view of network activity;
- Finish building and employing mobile digital media analysis (DMA) kits to support US-CERT partners and constituents with off-site analytics; and
- Enhance analysis efforts by maintaining a robust DMA laboratory that permits in-depth forensic analysis of images and individual files and artifacts that would include unclassified and classified storage mediums.

In regard to the proposed increase of nearly \$326 million, as its cybersecurity mission continues to evolve, DHS has increased funding of key programs to keep pace with emerging threats through innovative technologies and services. The President's fiscal year 2013 budget request makes significant investments to expedite the deployment of intrusion prevention technologies on Government computer systems, in-

crease Federal network security of large and small agencies, and continue to develop a robust cybersecurity workforce to protect against and respond to national cybersecurity threats and hazards. The increase cuts across multiple programs within the National Cyber Security Division. The largest increases are for US-CERT operations, the National Cybersecurity Protection System, and Federal Network Security.

National Cybersecurity Protection System

The National Cybersecurity Protection System (NCPS), developed by DHS as the Nation's focal point for cyber activity and analysis, fulfills a key requirement of the National Cybersecurity Protection Plan (NCPP) to work collaboratively with public, private, and international entities to protect infrastructure, enhance situational awareness, and implement analysis, warning and risk-management programs. EINSTEIN, a part of NCPS helps block malicious actors from accessing Federal executive branch civilian agencies while working closely with those agencies to bolster their defensive capabilities.

E3A represents the latest evolution of protection for Federal civilian agencies, as it provides active network defense capabilities and the ability to prevent and limit malicious activities from penetrating Federal networks and systems. E3A will draw on commercial and Government information to conduct intrusion prevention and threat-based decisionmaking on network traffic entering or leaving Federal civilian networks. E3A will protect Federal departments and agencies from sophisticated threats that are launched through techniques such as Botnets and spear phishing attacks. Through the usage of best-in-class commercial signatures paired with the sensitive and classified Government information, E3A will be able to block those attacks through e-mail and domain name service (DNS) intrusion prevention capabilities.

By the end of fiscal year 2013, DHS will deploy an initial level of intrusion prevention capability across the majority of Federal agency traffic. To accomplish this, DHS will contract with at least four tier 1 Network Internet service providers (ISPs) beginning in fiscal year 2012 and continuing in fiscal year 2013. Additionally, the fiscal year 2013 budget request will also fund the continued segregation of dot-gov traffic and building a core infrastructure to allow for analytics and information sharing between DHS and the ISPs.

Federal Network Security

An increase of \$202 million will enable NCSA to continuously monitor Federal agencies' networks for vulnerabilities. The EINSTEIN system is important from the perspective of better understanding and, when possible, preventing the flow of malicious traffic to and from Federal networks; a continuous monitoring capability will have visibility inside agency networks. Instead of analyzing traffic, this capability analyzes attributes of those networks, including hardware and software assets, configuration settings, and patch management. Whereas Federal Information Security Management Act assessment and reporting generally occur every 1 to 3 years, continuous monitoring will support assessments every 24 to 72 hours. With this information, NCSA can guide agencies to take preventive and protective actions by mitigating vulnerabilities that malicious actors would otherwise exploit. Continuous monitoring data will be available to agencies along with their intrusion detection and prevention data. This will enable NCSA to drive the Federal Enterprise toward a more mature cybersecurity posture while also empowering individual agencies to target their limited resources at reducing vulnerabilities based on more complete information and in a risk-informed manner.

US-CERT Operations

Additional personnel requested in fiscal year 2013 will ensure that US-CERT's analytic capability keep pace with the increased information flowing to US-CERT from Federal, State, and local governments, the private sector, and international stakeholders. The Department projects that as additional agencies obtain EINSTEIN 2 service, US-CERT will be required to process an increasing amount of data. As E3A is deployed, the volume of intrusion and malware information will increase significantly. US-CERT must be in a position to analyze that data while generating, implementing, and monitoring an array of new E3A signatures and countermeasures.

US-CERT will begin staffing DHS's site at Corry Station in Pensacola, Florida. This site will use a configuration largely mirroring the capabilities of the main facility in the Washington, DC-metro area. The facility is specifically designed to accommodate US-CERT analytical staff, malware lab capabilities, software and hardware testing labs, video conferencing ability, 24x7 help desk support, and security operations center and network operations center support personnel. US-CERT staff will

be co-located with the National Cybersecurity and Communications Integration Center (NCCIC) and NSD 24x7 network administration support personnel, and the National Coordinating Center radio room and space. Staffing Corry Station will meet critical continuity of operations objectives, facilitate continued monitoring of the Federal networks, provide expanded capability to analyze malware, and support cross-sector information sharing in the event of a major disaster affecting US-CERT's operations based in the Washington, DC area.

In regard to the importance of cybersecurity capability improvements, the Federal Government has made great strides in identifying malicious traffic that enters and exits its networks. In the fourth quarter, NCSA will field an intrusion prevention capability alongside the EINSTEIN intrusion detection system. While intrusion detection and prevention is necessary, it is not sufficient to protect the Federal Enterprise. Other initiatives include enhanced security capabilities at agencies' perimeters, increased use of personal identity verification cards for multifactor authentication to Federal networks, and continuous monitoring of Federal networks.

A defense-in-depth strategy for Federal agencies requires security improvements not just at agency perimeters, but also within them. Through continuous monitoring and ongoing EINSTEIN capability deployments, NCSA will maintain awareness of the Federal Enterprise's cybersecurity posture as well as the malicious activity targeting agency networks. Using their individualized continuous monitoring capabilities, agencies will be able to quickly mitigate vulnerabilities in a targeted manner using a risk-based assessment of priorities. In essence, NCSA and its Federal agency stakeholders will be better able to reduce exploitable weaknesses before malicious actors can take advantage of them. When combined with risk scoring (included in this request), this process has been shown capable of helping local network administrators to quickly make it significantly harder for attackers to succeed, and to maintain that security capability. It will allow DHS to carry out its responsibility for protecting the .gov by monitoring cyber posture and assisting agencies in hardening their networks.

In regard to "high-priority" Federal agencies, DHS expects to cover all civilian Federal agency networks with moderate or high impact data with five capabilities.³ Networks will be prioritized based on a risk-based process that considers an assessment of current agency continuous monitoring capabilities, threats, attack patterns, and risk attributes.

This initiative is a multi-year investment.

As for out-year costs, DHS is currently preparing its fiscal year 2014 budget request, which will support operations and maintenance costs and are estimated to be 20 to 30 percent of the initial investment, as well as additional continuous diagnostics and mitigation capabilities for networks, including account management for people and services, event management, and lifecycle management.

While it is premature to speculate on the cost of the proposed Cybersecurity Act of 2012 legislation, the bill's regulatory provision would drive better security practices while minimizing the burden on the private sector. The proposal leverages existing industry best practices ensuring that companies that already have robust cybersecurity practices would not be significantly impacted. The Department is committed to managing this program in an open, collaborative manner so that critical infrastructure has an opportunity to contribute to the regulations as they are developed and can provide meaningful input as to how their businesses would be impacted.

However, it's important to remember that there is a cost to the economy if we do not act. U.S. companies and individuals are losing money and intellectual property every day. And there could be an even greater economic cost if a successful cyber incident significantly interrupts critical services such as electricity or telecommunications or causes a lack of confidence in our financial systems.

In regard to staffing, DHS continues to grow its cybersecurity capabilities and workforce and has requested staffing increases in fiscal year 2013 to meet the demands of our mission. Section 2105 largely codifies and clarifies activities that DHS is already engaging in and therefore have already been included in budget submissions. However, should the Department be given new responsibilities through legislation that are not already accounted for, we will provide the staffing levels needed to carry out the legislation when enacted into law.

Question. According to a survey commissioned by Bloomberg Government, private industries said they would be able to improve cyber defenses in the next 12 to 18

³The five initial capabilities focus on network management and include finding and removing unauthorized (a) hardware, (b) software, (c) configuration settings as well as removing (d) vulnerabilities due to missing patches and (e) ensuring a strong boundary defense. The process ensures that the worst problems are addressed first.

months so that, on average, they can stop 84 percent of cyber attacks, up from the current level of 69 percent. To reach that level of security, the 172 companies surveyed reported they would have to collectively spend almost double what they are currently spending on cybersecurity (\$10.2 billion versus \$5.3 billion). According to the same survey, securing systems to prevent 95 percent of cyber attacks, considered by security experts as the highest attainable level, would cost the 172 companies \$46.6 billion, or 774 percent more than current spending. What level of security will the Federal Government require of private companies under the proposed Cybersecurity Act of 2012?

Concerning the level of security the Federal Government will require of private companies under the proposed Cybersecurity Act, the Department of Homeland Security (DHS) has always maintained the position that private-sector innovation is essential to solving the cybersecurity challenge. As such, both the administration's May 2011 legislative proposal and section 2105 call for securing critical infrastructure through the development and implementation of high-level performance requirements as opposed to mandating specific technical solutions. The bill would ensure the Nation's most critical infrastructure owners and operators adopt the cybersecurity practices and technologies that work best on their networks. Moreover, by working with industry to set common performance levels, DHS will encourage the private sector to develop new solutions in those areas. DHS will initiate a process to update the performance requirements (which will be detailed in the public rulemaking) in a timely and technology-neutral, high-level manner. However, it's important to remember that there is a cost to the economy if we do not act. U.S. companies and individuals are losing money and intellectual property every day. And there could be an even greater economic cost if a successful cyber incident significantly interrupts critical services such as electricity or telecommunications or causes a lack of confidence in our financial systems.

In response to the question of what Congress can do, the Department of Homeland Security works closely with critical infrastructure and private industry owners and operators to assist in assessing cyber risks and offering voluntary technical assistance. Sound legislation that enhances this public-private partnership would be flexible enough to focus on increasing performance outcomes for the most critical of covered infrastructure while promoting real and innovative security solutions. The Cybersecurity Act of 2012, which is similar to the administration's May 2011 legislative proposal, seeks to enhance the public-private partnership by establishing risk-based performance standards for core-covered critical infrastructure while working to alleviate a possible burden of extra regulatory compliance. Specifically, section 104 requires the Secretary of Homeland Security to establish a process for receiving cybersecurity performance requirements from industry owners and operators to determine if existing regulations appropriately address identified cyber risks. If there are regulations already in place that meet this determination, the President may exempt certain covered critical infrastructure from the requirements.

QUESTIONS SUBMITTED BY SENATOR THAD COCHRAN

NATIONAL SECURITY CUTTER

Question. In light of the Coast Guard's historical homeport designation of Hawaii for two of its high endurance cutters (CGCs *Rush* and *Jarvis*) and the administration's shift in Defense Strategy toward the Asia-Pacific region, can the Congress expect that two or more of the NSCs' homeports will be in Hawaii?

Answer. The Commandant's current plan is to homeport NSCs Nos. 1–3 and 6 in Alameda, California and NSCs Nos. 4 and 5 in Charleston, South Carolina.

Question. Madam Secretary, your recently submitted budget no longer reflects funding for national security cutters Nos. 7 and 8 in future years. Can you explain whether this budgetary change reflects a particular change in the real-world threat environment faced by the Coast Guard over the last year?

Answer. Recapitalization of the Coast Guard's fleet is a top departmental priority and the fiscal year 2013 budget fully funds NSC No. 6. The Coast Guard's fiscal year 2013–17 out-year CIP portrays acquisition priorities for the next 5 years assuming the limits of budgetary growth set by the Budget Control Act of 2011. It does not reflect the impact of the Department of Defense's Strategy, which may affect operational planning at DHS and the Coast Guard. DHS will work very closely with the Department of Defense and other partners to determine impacts to operational planning on the National Fleet Plan as threats evolve, and evaluate acquisition priorities of all homeland security and national security policies to ensure we are building complementary, nonredundant capabilities.

Question. Based on analysis of the fiscal year 2012 Capital Improvement Plan and the fiscal year 2013 CIP, a balance of \$1.785 billion for the national security cutter program has been removed from fiscal years 2013 and 2017. Should we assume that DHS intends to spend this total remaining balance in fiscal year 2018 based on the fact that the fiscal year 2013 CIP shows the same total program cost as the fiscal year 2012 CIP and the same completion date of the NSC project as 2018?

Answer. No, the 2013–2017 CIP is a planning document based on budgetary projections at the time of the 2013 budget transmittal. The Coast Guard’s fiscal year 2013–17 out-year CIP supersedes the 2012–2016 CIP and portrays acquisition priorities for the next 5 years assuming the limits of budgetary growth set by the Budget Control Act of 2011. Specific to the NSC program, over the next year, DHS will review acquisition priorities in light of the new Department of Defense Strategy and other relevant information to ensure the Nation is building complementary, non-redundant capabilities.

Question. Has the Coast Guard’s requirement for eight total national security cutters changed since last year?

Answer. The Coast Guard has not changed its Program of Record for the NSC. The Program of Record is continuously reviewed as part of DHS’s management and oversight of major acquisition programs. DHS will work very closely with the Department of Defense and other partners in light of the new Department of Defense Strategy to ensure we are building complementary, nonredundant capabilities. This review will be informed by various fleet analyses completed to date by the Coast Guard and DHS.

Question. Madam Secretary, during last year’s testimony to this subcommittee regarding the consequences of delaying national security cutter acquisitions, Coast Guard Commandant Robert Papp stated, “When we pay later, the price is greater.” Do we know how much the cost of ships Nos. 7 and 8 will increase if we wait until after 2017 to buy them?

Answer. Our priority is NSC No. 6 in fiscal year 2013 and we’re focused on following the path set with NSCs Nos. 4 and 5 which are on schedule and within budget. As DHS continues its oversight of Coast Guard’s major cutter acquisition programs in 2012, we are evaluating the most cost-effective way to ensure recapitalization achieves Coast Guard’s long-term performance requirements.

Question. Would buying long lead time materials for national security cutter No. 7 in fiscal year 2013 reduce costs to the taxpayer for this ship relative to waiting until after fiscal year 2013?

Answer. Our priority is NSC No. 6 in fiscal year 2013 and we’re focused on following the path set with NSCs Nos. 4 and 5 which are on schedule and within budget. Funding for long lead time materials for NSC No. 7 is not requested in the budget.

AIRCRAFT RECAPITALIZATION

Question. Madam Secretary, I noticed that the administration’s proposed investment in Coast Guard aircraft over the 5-year Capital Investment Plan nearly doubled from \$871 million in the fiscal year 2012 request to \$1.7 billion in the fiscal year 2013 request. Was there some change in the Coast Guard’s real-world operational strategy that necessitated this dramatic increase for aircraft in these times of such fiscal restraint?

Answer. No. The overall recapitalization plan for aviation assets remains the same. The increased funding levels are intended to leverage currently available production capacity for both the HC–144A maritime patrol aircraft (MPA) and HC–130J long-range surveillance aircraft, align the progress of the MPA project back toward the initial program of record timeline, and expedite the recapitalization of the aging HC–130H aircraft. This will allow the Coast Guard to save costs and close the aviation patrol hour gaps.

DECOMMISSIONING

Question. Madam Secretary, the Coast Guard recently announced plans to decommission two high endurance cutters, three patrol boats, and termination of the High Tempo-High Maintenance Patrol Boat Program. If this happens, will the Coast Guard face challenges with regard to meeting its statutory operational requirements?

Answer. As a multi-mission force, Coast Guard achieves its statutory requirements by allocating resources according to an effective prioritization scheme. The Coast Guard is already preparing for the program changes and commissioning and decommissioning of assets proposed in the fiscal year 2013 budget request in order to continue to invest in critical recapitalization initiatives. For instance, the Coast

Guard will have 10 fast response cutter (FRC) crews on budget at the end of fiscal year 2013 to ensure personnel are fully trained and ready to accept and operate the FRCs as they are delivered to the fleet. Near term impacts will be mitigated as new and more capable assets become operational; five FRCs and three national security cutters are expected to be fully operational by the end of fiscal year 2013. Each FRC will provide 20 percent more capacity in terms of operational hours than the 110-foot patrol boats that they are replacing.

Moreover, the 110-foot Patrol Boat Mission Effectiveness Project, which will complete the final hull in summer 2012, has stabilized patrol boat reliability for the remaining in-service hulls, until transition to the FRC fleet is completed. As we decommission ships, we closely evaluate which are costing the most, and are the least reliable. These are the ships that we remove from service first, keeping those in the best condition in service.

NATIONAL SECURITY CUTTER

Question. Madam Secretary, with Coast Guard's announcement on February 23, 2012, that national security cutter No. 1, *Bertholf* will deploy to the Arctic this year, does this mean that national security cutters will continue to deploy there?

Answer. The national security cutter will continue the missions of the high endurance cutters (HECs) as these legacy cutters are decommissioned. The HECs have historically performed key Coast Guard missions in the Arctic during the ice-free portion of the summer. NSCs will bring reliable service, enhanced operating capability, and more effective presence to this region.

UNMANNED AERIAL VEHICLES

Question. Madam Secretary, do you still intend to acquire vertical takeoff unmanned aerial vehicles (UAVs) for deployment off of the Coast Guard's national security cutter fleet? How will the range and capabilities of the fleet be augmented by these assets?

Answer. The Coast Guard's cutter-based unmanned aircraft systems (UAS) project is in the "need" phase of the major systems acquisition process, awaiting progression to acquisition decision event 1. The Coast Guard is considering a nonmajor acquisition small UAS (sUAS) in order to outfit the national security cutter (NSC) with an interim, cost-effective UAS capability.

When UAS is added to a baseline NSC (i.e., an NSC without any other air or surface intelligence gathering assets), accredited modeling and simulations estimate a 225 percent increase in surveillance coverage within an 80-mile radius of the cutter, and predicts a 90 percent increase in the number of prosecutions (i.e., interdiction of a suspect vessel carrying contraband). When UAS is added to an NSC outfitted with one helicopter, there is a 70-percent increase in surveillance coverage (i.e., detection/locating a suspect vessel) over what can be provided by a helo alone.

The UAS allows NSC boarding teams to covertly view suspect vessels before boarding them, and allows the tactical commander to maintain over-watch while boarding operations are in progress. Furthermore, UAS can provide the NSC fleet with a persistent airborne surveillance capability that could be employed in conditions that would be hazardous to crews of manned aircraft, including operating in chemical/biological/radiological/nuclear environments.

COAST GUARD RESEARCH AND DEVELOPMENT

Question. Congress included \$8 million in fiscal year 2012 appropriations for "procurement of shipboard integration equipment and to support an advanced concept technology demonstration" for cutter-based vertical takeoff unmanned aircraft systems. Congress also included funding for these purposes in prior appropriations bills. What has the Coast Guard recently accomplished with regard to these activities? What does it plan to accomplish in fiscal year 2012? Is the Coast Guard actively observing the deployment of Navy MQ-8B or MQ-8C in overseas operations?

Answer. The Coast Guard, utilizing research, development, test and evaluation funds, is procuring Fire Scout ground control segment (GCS) long lead time components, including ground control station, tactical control data link, and UAV common automatic recovery system in fiscal year 2012. Additionally, contracts are being developed and refined to secure required Navy technical assistance for Fire Scout shipboard analysis, equipment maintenance, and installation aboard a national security cutter (NSC). Completion of these elements will facilitate an at-sea technical demonstration once a Fire Scout air vehicle becomes available for Coast Guard use. The Coast Guard projects the GCS equipment will be delivered and installed on an NSC in fiscal year 2014.

The Coast Guard Research and Develop Center is also executing a research and development project to conduct a technical demonstration of the Scan Eagle small unmanned aircraft systems (sUAS) aboard CGC *Stratton*. Shipboard engineering and aviation certification processes are underway to support a mid-June 2012 system installation with a follow-on flight and systems capability demonstration in June–July 2012.

The Coast Guard is not currently observing MQ–8B deployments, and the MQ–8C is still under development. However, Coast Guard unmanned aircraft system (UAS) personnel did observe MQ–8B deployments aboard USS *McInerney* and USS *Freedom* in 2009 and 2010. The Coast Guard maintains a liaison officer at the Navy and Marine Corps Tactical Multi-Mission UAS Program Office (PMA–266) whose duties include monitoring all MQ–8B/C developmental and operational activities.

CYBERSECURITY

Question. Madam Secretary, I have read estimates that private industry spends tens, perhaps hundreds of billions of dollars on cybersecurity each year. By contrast, your Department's fiscal year 2013 budget request for cybersecurity is \$769 million. Do you believe increased appropriations will be necessary in future years to carry out the comprehensive Lieberman-Collins cybersecurity legislation before the Senate that has been endorsed by the administration?

Answer. It is premature to speculate on the cost of proposed legislation. DHS will provide a cost estimate to carry out the legislation when enacted into law.

However, it's important to remember that there is a cost to the economy if we do not act. U.S. companies and individuals are losing money and intellectual property every day. And there could be an even greater economic cost if a successful cyber incident significantly interrupts critical services such as electricity or telecommunications or causes a lack of confidence in our financial systems.

LEVEES AND DAMS

Question. Madam Secretary, what challenges would your Department face if asked to include all areas protected by levees and dams within the special flood hazard areas? How long would it take you to implement such a change in statute? Would an increased workforce to carry out such a directive call for additional appropriations in the future?

Answer. The implementation of a requirement to include all areas protected by levees and dams would have an impact on the National Flood Insurance Program (NFIP). In keeping with the best interests of the general public, the new insurance rating practices would need to be established in these areas to reflect properly the level of risk. Prior to implementing any revised insurance rates, we would need to complete a full map inventory update for all NFIP maps that map levees and dams. This would be necessary to allow us to reflect the additional flood zone information that would be needed to implement the new rating practices. Once the full map inventory is updated, the new approach could be activated nationally to ensure fairness across all impacted jurisdictions.

While we have years of experience analyzing and mapping areas behind levees, and currently are undertaking an initiative to revise how we analyze and map areas behind nonaccredited levees, we do not have similar experience nor initiatives underway for those areas protected by dams. To implement a mapping initiative for areas protected by dams, we would have to commence an initiative to engage academia, the private sector, States, and local communities on how to establish the appropriate procedures to analyze and map those areas protected by dams.

In order to support the new mapping and insurance practices, we would have to promulgate regulations to enable the use of the new zones and other supporting flood hazard information.

With these types of changes, we would also face new outreach and technical assistance challenges with assisting communities in determining what these new zones mean for them and how to manage their flood risk using this new information.

The timeframe for implementation is very difficult to project. The implementation would depend on funding resources and require the completion of rulemaking before anything would go into effect.

While, this directive would require additional staff capacity, without further clarity on the intent of the provision, we cannot project the specific workforce necessary to accomplish this directive.

NUCLEAR DETECTION

Question. It is my understanding that a system potentially capable of detecting shielded and unshielded special nuclear material (SNM) using muon tomography and gamma radiation was tested by National Security Technologies in August 2011. Is the Domestic Nuclear Detection Office (DNDO) aware of the results of these tests?

Answer. Yes, in August 2011, National Security Technologies evaluated a sub-scale prototype of the Multi-Mode Passive Detection System (MMPDS) developed by Decision Sciences International Corporation (DSIC). DNDO received and reviewed a copy of the test report and discussed the test in person with representative from DSIC. Although the MMPDS has several operational hurdles, DNDO is encouraged in its ability to detect shielded nuclear and radiological threats using natural sources of radiation.

Question. I also understand that this muon tomography system is being deployed to Freeport, Bahamas for operational evaluation by the system developer this summer. The Senate Report accompanying the fiscal year 2012 DHS appropriations act encourages the Department to test these technologies. Does the Department plan to participate in this testing in Freeport?

Answer. According to representatives from the Decision Sciences International Corporation (DSIC), a full-scale Multi-Mode Passive Detection System (MMPDS) is being installed in Freeport, Bahamas for test and evaluation during the summer of 2012. The Domestic Nuclear Detection Office (DNDO) recently released a competitive solicitation for an advanced technology demonstration of a nuclear and radiological imaging platform. This ATD will provide the mechanism for DNDO to evaluate muon tomography as well competing technology to determine the best overall value for the Government. If DSIC submits a proposal to this solicitation and if it is selected, DNDO could then perform a government evaluation and characterization of a full-scale MMPDS at a mutually agreeable location.

Question. If the Domestic Nuclear Detection Office (DNDO) is planning to participate in the Freeport operational tests, will this test be sufficient to “qualify” or certify the system? If not, what would be DNDOs intended process for conducting such tests that might lead to qualification?

Answer. Through the nuclear and radiological imaging platform advanced technology demonstration, DNDO will perform a technology characterization of all relevant technology. The purpose of a technology characterization is to collect sufficient data to fully understand the technology, to determine the efficacy of the technology compared to alternative approaches, to guide future implementations of that technology if merited, and to support a future cost-benefit analysis (CBA). A characterization probes the how’s and why’s of a technology’s potential and limitations. If warranted by the characterization and CBA, DNDO could then perform qualification testing of the Multi-Mode Passive Detection System.

SUBCOMMITTEE RECESS

Senator LANDRIEU. It has been a very good hearing, and I thank the members for coming and paying such close attention to this important budget.

Thank you very much. Meeting recessed.

[Whereupon, at 11:40 a.m., Thursday, March 8, the subcommittee was recessed, to reconvene subject to the call of the Chair.]

**DEPARTMENT OF HOMELAND SECURITY
APPROPRIATIONS FOR FISCAL YEAR 2013**

WEDNESDAY, MAY 9, 2012

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

The subcommittee met at 10:05 a.m., in room SD-138, Dirksen Senate Office Building, Hon. Mary L. Landrieu (chairman) presiding.

Present: Senators Landrieu, Lautenberg, Coats, Cochran, and Murkowski.

DEPARTMENT OF HOMELAND SECURITY

U.S. COAST GUARD

STATEMENT OF ADMIRAL ROBERT J. PAPP, JR., COMMANDANT

OPENING STATEMENT OF SENATOR MARY L. LANDRIEU

Senator LANDRIEU. Good morning. It is my pleasure to call our subcommittee to order, and it is my distinct honor to welcome the Commandant of the United States Coast Guard, Admiral Robert Papp, to discuss the Coast Guard's 2013 budget request.

I particularly want to thank you, Admiral, for being here today so soon after undergoing a surgery, and I am happy to know that things are all working out fine. We wish you a speedy recovery. But we really appreciate the effort.

The Coast Guard, as you know, I have said to you many times, both in private and public, will forever be in my heart and the hearts of the constituents that I represent in Louisiana and that I try to represent along the gulf coast. Following Hurricanes Katrina and Rita particularly, we saw the Coast Guard in action. The Coast Guard, the best of the Coast Guard, we saw them in action.

We rescued 33,000 of our citizens during the largest search and rescue mission in the Coast Guard's history. I like to say that you all were complemented by our own Cajun flotilla and the entrepreneurs down in Cajun country that jumped in their boats to help save the day. It was a very dramatic moment in our Nation's history. But because of that, 33,000 people were saved, and the work to rebuild that great part of the United States is now underway.

The Coast Guard is one of five branches of the military, is responsible for the safety and security of our maritime interests in our U.S. ports, waterways, and on the high seas. As we gather here

today to examine the budget request for the Coast Guard, I can't help but think of the famous quote by Yogi Berra. "It is like déjà vu all over again."

Every year, Presidents submit budgets that are inadequate for the Coast Guard, and every year, Congress steps in to fortify them. Over the past 6 years, this subcommittee has increased the Coast Guard's budget by an average of \$124 million annually above the White House request. We have done that to fill operational and recapitalization shortfalls.

In the 2012 bill, which was the first year that I chaired this subcommittee, Senator Coats, Vice Chairman Lautenberg, Senator Cochran, and other members of the subcommittee and I worked very hard together to accomplish some important goals for the Coast Guard.

First, we strengthened the Coast Guard's capital program. We funded six fast response cutters (FRCs), long-lead time materials for the sixth national security cutter (NSC), plans and designs for new offshore patrol cutters (OPCs), and two maritime patrol aircraft.

Operationally, we added funding for enhanced oil spill response capabilities, maintenance of aging assets, and improved quality of life for Coast Guard families by increasing access to child care services.

Because I am from Louisiana, I think I have a bird's eye view of the work that the Coast Guard does day in and day out. I think that Senator Cochran from Mississippi, a strong advocate of the Coast Guard, also from his perch as the Senator, senior Senator, from Mississippi understands the multiple and important missions of the Coast Guard.

And I do believe that even our Senators, as my colleague here, from interior States—although they don't have the oceans lapping up at their shores—understand the importance of keeping a Coast Guard strong not just for your traditional search and rescue, which is sometimes what people perceive, but in your new missions and important missions of drug interdiction and now with oil spill response, as we hope oil and gas production will be increasing, not decreasing, off of our State shores and around the world.

Particularly off the coast of Cuba, which is a whole other issue, but interesting to know what our Coast Guard's role might be. Not, of course, in Cuban territory, but so close to the United States, just 90 miles from the coast of Florida.

The President's 2013 discretionary budget request for the Coast Guard is \$8.4 billion, 3.3 percent below enacted level, including the reduction of over 1,000 military billets and \$200 million less for capital expenditures. The budget includes \$658 million for the sixth national security cutter. But other priorities, like the fast response cutter, aircraft procurement, Coast Guard housing, and shore infrastructure, are substantially reduced below the 2012 level.

This budget also signals that funds will not be requested for the final two national security cutters, Nos. 7 and 8. I am also concerned about the delays in procurement for the fast response cutters. The decision to go from acquiring six boats per year to two boats eliminates \$30 million in savings. I want to say that the

budget, as presented to us, decreases saving opportunities, doesn't increase them, and I am concerned about that.

Finally, the budget proposes to decommission aging cutters before replacement assets are available, leaving operational gaps in important missions like drug interdiction, which I know is a priority for this Congress, both Republicans and Democrats. These cuts come at a critical time for the Coast Guard.

Following 9/11, the Coast Guard received several new responsibilities that have been carried out with assets, might I say, built for the last century. For instance, major Coast Guard cutters average over 43 years in age as compared to Navy ships of 20 years.

I understand that difficult tradeoffs need to be made in this particularly tight budget climate, but I believe the top line given to the Coast Guard in the President's budget is just not adequate. I believe this subcommittee has a responsibility to make sure the next generation of Coast Guard men and women have the tools they need to accomplish their many important missions, and I know that this goal is shared by our first and only witness today, Admiral Papp.

PREPARED STATEMENT

Now before I move on, I want to acknowledge, of course, my vice chairman, Senator Lautenberg. But both Senator Coats and Senator Cochran have an important intel briefing. So they may have to slip out. But let me turn it to Senator Coats, and then when Senator Cochran gets here, if you don't mind, we will go to Senator Cochran.

[The statement follows:]

PREPARED STATEMENT OF SENATOR MARY L. LANDRIEU

Good morning. I call the subcommittee to order.

Today I welcome the Commandant of the Coast Guard, Admiral Robert J. Papp to discuss the Coast Guard's fiscal year 2013 budget request. I particularly want to thank you Admiral for being here today so soon after undergoing surgery. I wish you a speedy recovery so you can get back to doing the job you love and do so well, leading the men and women of the Coast Guard.

The Coast Guard will forever be in my heart and in the hearts of my constituents after its heroic efforts following Hurricane Katrina. The Coast Guard rescued over 33,000 of our citizens during the largest search and rescue mission in Coast Guard history.

The Coast Guard is one of the five branches of the military and is responsible for the safety and security of our maritime interests in U.S. ports, waterways, and on the high seas.

As we gather today to examine the budget request for the Coast Guard, I can't help but think of that famous quote by Yogi Berra, "It's like déjà vu, all over again." Every year, Presidents submit their budgets that are inadequate for the Coast Guard and every year Congress steps in to bail them out.

Over the past 6 years, this subcommittee has increased the Coast Guard's budget by an average of \$124 million annually above White House request levels to fill operational and recapitalization shortfalls. In the fiscal year 2012 bill, which was the first year that I chaired this subcommittee, Senator Coats, Vice Chairman Lautenberg, Senator Cochran, other members of the subcommittee, and I worked together to accomplish some important goals for the Coast Guard. First, we strengthened the Coast Guard's capital program. We funded six fast response cutters, long lead time materials for the sixth national security cutter, plans and designs for new offshore patrol cutters, and two maritime patrol aircraft. Operationally, we added funding for enhanced oil spill response capabilities, maintenance of aging assets, and improved quality of life for Coast Guard families by increasing access to child care services.

The President's fiscal year 2013 discretionary budget request for the Coast Guard is \$8.4 billion, 3.3 percent below the enacted level, including the reduction of 1,000 military billets, and over \$200 million less for capital expenditures. The budget includes \$658 million for the sixth national security cutter, but other priorities like the fast response cutter, aircraft procurement, Coast Guard housing, and shore infrastructure are reduced substantially below the fiscal year 2012 level. The budget also signals that funds will not be requested for the final two national security cutters, Nos. 7 and 8. I am also concerned about the delays in the procurement of fast response cutters. The decision to go from acquiring six boats per year to two boats per year eliminates \$30 million in savings and delays the delivery of key mission capabilities. Finally, the budget proposes to decommission aging cutters before replacement assets are available, leaving operational gaps in important mission areas like drug interdiction.

These cuts come at a critical time for the Coast Guard. Following 9/11, the Coast Guard received several new responsibilities and they have been carried out with assets built for the last century. For instance, major Coast Guard cutters average over 43 years of age as compared to Navy ships that average 20 years of age.

I understand that difficult trade-offs need to be made in this budget climate, but I believe the topline given to the Coast Guard in the President's budget request is inadequate. I believe this subcommittee has a responsibility to make sure that the next generation of Coast Guard men and women has the tools they need to accomplish their many missions. I know that this is goal shared by our witness today, Admiral Papp.

I look forward to examining these issues so we can make sound decisions about the resources and assets Coast Guard men and women need today and in the future.

Before recognizing Senator Coats for any opening remarks he may wish to make, I understand that Senator Cochran needs to depart early, so I recognize Senator Cochran.

I now recognize Senator Coats for any opening remarks he may wish to make.

Senator LANDRIEU. Senator Coats.

STATEMENT OF SENATOR DANIEL COATS

Senator COATS. Madam Chairman, thank you very much.

Admiral, welcome. Good to see you here, and I apologize for having to not be here.

It is clear that post 9/11, the Coast Guard is now playing a role in the defense of our homeland security and is part of the entire package that we need to put together to keep our people safe from threats both from home and abroad, and we really appreciate the Coast Guard stepping up to the task here. So we do want to make sure that you have the assets necessary for you to continue to be a vital part of that whole national effort, and so we thank you for your engagement there.

Now, as someone from Indiana, we don't necessarily have the same direct engagement with the Coast Guard as the chairman, and I know Senator Murkowski very much appreciates this hearing also, given the role of the Coast Guard in her State of Alaska. But we do have some connections. Crane Naval Surface Warfare Center does some special ops and electronics work that is important to the Coast Guard, as well as all of our services, and we do have a small station up in Michigan City.

We do have some water that we look at. Not very much, but a little bit of slice of Indiana faces, is on the Great Lakes, and so we are privileged to have at least some connection to the Coast Guard.

What is important about this hearing is that we continue to deal with budget situations that put constraints on what we would like to do, and therefore, we have to pick out those priorities and make sure that the essential things that we need to do are adequately

funded and carried out. And so, I think that is really the key here to this hearing.

We know that as part of the submitted budget by the administration, that earmark is below fiscal year 2012 level and will require some adjustments on the part of the Coast Guard in terms of how these funds are allocated. And so, we want to make sure that while we are facing these difficult budget realities, we are not compromising the kind of vital and necessary effective services that you provide.

So, again, with apologies for having to leave, I thank the chairman for holding this, and I will get a full down brief on it from her.

Thank you, Admiral.

Senator LANDRIEU. Thank you. Senator Coats has been a very strong supporter of the Coast Guard. We appreciate it.

Senator Lautenberg.

STATEMENT OF SENATOR FRANK R. LAUTENBERG

Senator LAUTENBERG. Thanks, Madam Chairman.

And I am always glad to see the Coast Guard. Admiral, you represent a terrific unit, and we are proud of you and all of your people. I see them up close and often.

And New Jersey is the home for the most at-risk area in the country for a terrorist attack, a stretch that includes the port, airport, chemical plants, refineries, and railways. Protecting this region is not only protecting lives, it also protects the economy.

The Port of New York and New Jersey, the largest on the east coast, supports more than 270,000 jobs and \$37 billion in business income. Protecting this region not only protects lives, it protects the economy.

The men and women of the Coast Guard are America's eyes and ears on the seas, and we are safer because of them. And as you know, Admiral, I have marveled at the Coast Guard's ability to stretch, pull, push, and get more things done with fewer resources. And this is a very untimely thing to see a Coast Guard budget, in my view, being shrunken further. I am always surprised at the number of functions that we have the Coast Guard doing, whether it is as simple as navigational markers, fishing management.

But today, with security as it is, the Coast Guard part of homeland security, it is a different ball game. So we ask you once again to inform your people that we think very well of them, make sure that we are not going to ignore our responsibility to the Coast Guard. We need some more funding in our society, in our budget, and that is where the problem is.

But it is so important to support the Coast Guard and, again, asking you to do more with less. Unfortunately, discretionary spending has become the scapegoat of our deficit problems. This misguided "cut at any cost" approach has forced this year's reduction in the budget request for the Coast Guard and could lead to even more dangerous cuts next year.

The brave men and women of the Coast Guard never let us down, and it is critical that we give you and your people the resources they need to do the missions that they respond so effectively to. One important mission for New Jersey is the Coast Guard's role in upgrading the Bayonne Bridge. The height of the

bridge impedes the ability of larger ships to access the ports, and the game has changed substantially—with the opening of the Panama Canal, larger vessels, and we want those vessels to call on American ports.

This access will become even more critical in 2014 when the number of large ships will increase significantly. The Port Authority of New York and New Jersey is working with the Coast Guard to accommodate these ships by raising the height of the bridge.

So I look forward to hearing from Admiral Papp on the Coast Guard's efforts to advance this project and the impact. We are going to be asking questions, Admiral, as you would expect, what a reduced budget might do with the agency's operations.

Thank you for your service.

Senator LANDRIEU. Thank you.

And Senator Murkowski, if you had a brief opening statement, and then, of course, we will take questions later. Thank you for joining us.

STATEMENT OF SENATOR LISA MURKOWSKI

Senator MURKOWSKI. I do. Thank you.

Thank you, Madam Chairman and to the ranking member, thank you for holding this hearing. Incredibly important. I had asked that we have a very specific hearing focused just on the Coast Guard. And I appreciate, Admiral Papp, your leadership, of course, with all of our fine Coast Guard men and women and all that you do.

It has been kind of Coast Guard week for me already, and this is only Wednesday. We had an opportunity yesterday to have a very impressive presentation by Captain Havlik, who detailed the escort that the cutter *Healy* made last winter in escorting the Russian oil tanker *Renda* north to supply Nome and other coastal villages with fuel during a very, very cold winter.

It was a reminder of the capabilities of our Coast Guard. It is a reminder of what it is that we have available to us. But it is also a reminder that we have got a lot of work to do, and as an Arctic nation, that is becoming more and more clear.

I am looking at the threat areas map that has been presented to each of us at our desks here this morning, and I look at the threat areas and am very cognizant of my colleague's statement about the threats that New Jersey faces as a terrorist threat. But I look at the area around the State of Alaska and just the size and scope of what it is that we are facing, whether it is an increased presence in the Arctic because of resource development, the potential there, whether it is the activity that we see coming from the cruise industry coming across the top, whether it is the cargo traffic going between Alaska and Russia.

There is so much happening in the Arctic, and I see one very small orange dot there that indicates offshore patrol cutter. And I look at the area that you are charged with oversight, and I know that the challenges are great.

I know that from a budget perspective we are always cognizant of the responsibilities that we have directed toward the Coast Guard. And yet the resources, the revenues more often than not do not also accompany that.

I am going to spend most of my time this morning talking about the opportunities for us when it comes to icebreaking capacity. As an Arctic nation, we are woefully unprepared. You have said that we are behind the power curve regarding the Arctic. I agree with that. We need the assets. We need those resources up north.

I had an opportunity just yesterday to visit with a shipbuilder from Louisiana who has just completed an extraordinary vessel with icebreaking capacity, the *Aiviq*. It will be part of Shell's operations up north.

But I look at the opportunities that we have in front of us. We have got difficult budget decisions. We have an opportunity to perhaps do something on the private side. And while you and I have had a discussion about this, I think we recognize that we have got to figure out how we thread this needle when it comes to meeting our responsibilities and dealing with the budget issues and the concerns.

I am looking forward to this summer with the Arctic Shield deployment, where the Coast Guard will be testing the capabilities up there in the Arctic. I think we are all most interested to see that presence and see where our gaps truly are.

But Madam Chairman, I thank you again for holding this hearing. And Admiral Papp, I thank you for your leadership. Once again, the men and women of the Coast Guard continue to do us proud, and you are very ably leading those men and women. So I thank you.

Senator LANDRIEU. Thank you, Senator Murkowski. And I am looking forward to joining you and the Coast Guard in Alaska this summer to come visit and get a little bit better experience about what the magnitude and the dimensions of some of your threats there and challenges.

And let me turn it to Senator Cochran, who also is going to have to probably leave, I think, shortly for an intel hearing.

But before you came in, Senator, I said that you and I have two of the best positions really in the country to see the great work that the Coast Guard does, and we were grateful for them stepping up and saving about 33,000 of our citizens after Hurricanes Katrina and Rita, which was one of the bright chapters in many bright chapters of the Coast Guard history. And thank you for your support always of the Coast Guard.

Senator Cochran.

STATEMENT OF SENATOR THAD COCHRAN

Senator COCHRAN. Madam Chair, thank you very much for your leadership in convening this hearing and in managing the requests we have for funding that we have to act on and make recommendations or Senate consideration.

It is a pleasure to see Admiral Papp here and to congratulate him for his continued excellent leadership as Commandant of the Coast Guard. We are impressed when we remember the terrible flooding challenges that we have had on the Mississippi River and tributaries there, too.

In the last few years, it seems like we have had more than our share of 100-year floods. Somebody doesn't know how to count. We

have got to change the way we talk about these things. But the Coast Guard is there.

I remember flying with the Commandant on his plane down to New Orleans for an inspection, really an overview of the flooding that we had had on the Mississippi River and the tributaries there, too. But I was quite impressed with the dedication to the responsibilities that the Coast Guard has under the law, and it gives us another opportunity to thank him and his colleagues in the Coast Guard for the fabulous job they have done over the years, but particularly in the recent past, when we have been challenged as we never have before, 100 years or less.

So we want to be sure we understand the priorities. We can't fund probably everything at the level that we would like to because of constraints on the budget and the limitations that we have imposed by the budget.

But we want to do what we think is best, in the best interests of the country. And with your assistance, we will identify those priorities in a thoughtful way and carry out the missions not only of the Coast Guard, but protect and save a lot of our valuable human resources and property that is very valuable to the economic future of our State and Nation.

Thank you.

Senator LANDRIEU. Thank you, Senator.

Admiral, we are prepared now for your opening statement.

STATEMENT OF ADMIRAL ROBERT J. PAPP, JR.

Admiral PAPP. Thank you, Chairman Landrieu, Ranking Member Coats, Senator Lautenberg, Senator Cochran, and Senator Murkowski.

It is a real honor for me to be here today and to be able to testify regarding our fiscal year 2013 budget. And on behalf of all the men and women of the Coast Guard, I want to thank you for that strong support that you spoke of in your opening statement over the last couple of years. It is gratifying to see the support from this subcommittee to help us to get the job done for this country.

And as this subcommittee is well aware and you have stated already, we are facing very serious challenging fiscal times. But we must not forget that America is, first and foremost, a maritime nation, and I think the reason why even interior States understand the value of the Coast Guard is because 95 percent of our foreign trade arrives or is shipped by sea.

The maritime transportation system accounts for nearly \$700 billion of the U.S. gross national product and supplies 51 million jobs to the U.S. economy. Our economy, our security, and our Nation's prosperity depend upon safe and secure maritime transportation routes.

But these same approaches can be used by criminals as well or people who choose to do us harm. In the offshore transit zones, we face growing transnational crime, drug and human trafficking, and piracy. And just over 1 month ago, one of our new HC-144 aircraft on its first flight of its first deployment to the Caribbean used its state-of-the-art sensors to detect a submersible smuggling vessel, a vessel capable of carrying 5 tons of cocaine inside.

I went to Colombia recently, and I toured a number of these seized vessels. They can carry anywhere between 5 to 7 or 8 tons of cocaine or other illicit material. Now that aircraft vectored in two Coast Guard cutters to interdict the sub. This was the fifth sub we have interdicted in the Caribbean since July 2001.

And as you can see from the handout that I have provided, drug subs are just one of the offshore threats that we are facing. Our natural resources are also threatened by illegal fishing, which is increasing pressure on our valuable fish stocks. Offshore exploration, driven by an expanding global thirst for fossil fuel, is also on the rise. Oil exploration is planned in the United States Arctic waters this summer, and even closer to our shores, we face the threat of a possible transboundary pollution that could be produced by drilling in Cuba's outer continental shelf.

Our Coast Guard is charged with ensuring the safety, security, and stewardship of this broad range of maritime activity. We protect people on the sea. We protect the Nation from threats delivered by the sea, and we protect the sea itself. There is no other United States agency that has the equivalent authorities, competencies, or capabilities to provide the Nation's maritime security and safety on the water and in the air and as far offshore as possible and within our ports.

Now this unique mosaic is a foundational characteristic. It is what makes the Coast Guard just as effective in dealing with major catastrophes like Hurricane Katrina and the Deepwater oil spill as it is at performing our day-to-day operations.

Our layered maritime security strategy focuses on three regions—overseas, offshore, and in-shore along the coast. This strategy seeks to optimize the use of our assets and authorities throughout the maritime continuum.

To ensure the Coast Guard remains capable of confronting future threats, however, we must judiciously invest in ships, boats, and aircraft that we need to effectively operate in each of these three areas or this layered security that I have talked about. In the decade since 9/11, we have focused on investing in resources to strengthen our capabilities to counter risks in our ports and in the coastal zone, the inner layer.

In the last 10 years, we have replaced almost our entire small boat fleet. We have added capable aircraft and more personnel to operate them. We have deployed the Rescue 21 distress communications system. We have unified field operations through the creation of sectors to fully integrate and leverage our prevention and response activities. We have enhanced regulatory inspection and compliance programs, and we have built effective deployable specialized forces.

We have also strengthened partnerships with the many agencies that we operate alongside. And although there will always be more work to do, these near-shore forces are far more prepared to address our risks than in the offshore layer. Simply put, what we have done over the last 10 years is we have built a strong defense in the inner layer—in our ports and along the coast—but the last place that you want to discover or confront a threat is near the shore or in your ports. That is playing goal-line defense.

So we need to now focus on building our offshore forces so that we can respond in that layer. But the offshore layer is also where I am most concerned because that is where our aging fleet is, and that is really the most expensive part of this layered security that we try to provide.

Our offshore fleet of cutters is aging. It is antiquated, and it is increasingly less effective. Even with the best efforts of my crews and the support from this subcommittee, the state of our major cutter fleet, most of which is in excess of 40 years old, is alarming.

Our 45-year-old average high endurance cutters are achieving only about 70 percent of their programmed underway hours, and more than 50 percent of the time, they sail with major casualties. This is a cause for concern because the key to interdicting threats offshore is maintaining a persistent presence to rapidly respond, interdict, and address any of those threats.

If we don't have capable and reliable offshore cutters, we can't mount a response. We cannot enforce our laws, and we cannot adequately protect our national interests. It is that simple.

This is why we must continue to build our new major cutters, such as the sixth national security cutter, as quickly as possible. I am thankful to Secretary Napolitano and the President for supporting the funding for production of No. 6 in the fiscal year 2013 budget. Maintaining shipbuilding momentum is what allowed us to get national security cutters Nos. 4 and 5 on contract this past year for nearly the same price.

We are now reaping the benefits of efficient shipyard processes and experienced shipbuilders. Now is the time to keep the production going. Now is the time to deliver these ships as inexpensively as possible. And now is the time to ensure the Coast Guard is capable of interdicting offshore threats for the next 30 to 50 years.

The fiscal year 2013 budget reflects the threshold I need to acquire new cutters and aircraft designed to address our greatest threats. Right now, we are delivering these new assets at minimum production levels. This ensures we keep the most critical acquisition projects moving forward while at the same time maintaining our front-line operations.

As this subcommittee clearly recognizes, given your strong support for the national security cutter program, we are balancing our investment in the future assets against resources required to maintain operations today. Doing so requires tradeoffs, but that is what leaders do. Leaders have to make tough choices in challenging times.

And leaders also have to look to the future to make sure their service and their country is prepared for future threats. As we work together to confront these challenges, the men and women of the Coast Guard are standing the watch to protect our Nation. The budget submitted to you seeks to provide them with the tools they require to continue performing our challenging maritime missions.

PREPARED STATEMENT

Thank you for the opportunity to testify before you today and for your continuing support of our Coast Guard. And I look forward to answering your questions.

[The statement follows:]

PREPARED STATEMENT OF ADMIRAL ROBERT J. PAPP, JR.

Good morning Madam Chair and distinguished members of the subcommittee. Thank you for the continuing support you have shown to the men and women of the United States Coast Guard, including the funding provided in the fiscal year 2012 Consolidated Appropriations Act to recapitalize the aging fleet and sustain front-line operations.

This year marks our 222nd year of protecting Americans on the sea, America from threats delivered by the sea and the sea itself. Throughout this period, our unique authorities, capable assets and determined personnel have adapted to meet the Nation's evolving maritime safety, security, and stewardship needs. We are locally based, nationally deployed and globally connected.

I am here today to discuss the Coast Guard's fiscal year 2013 budget request. Before discussing the details of the request, I would like to take this opportunity to discuss some of the Coast Guard's recent operational successes, our value and role in the Department of Homeland Security, and in service to the Nation.

Over the past year, Coast Guard men and women—Active Duty, Reserve, civilian, and auxiliaries alike—continued to deliver premier service to the public. In the Midwest, Coast Guard disaster assistance response teams were among the first responders to residential areas impacted by severe flooding. In the Western Caribbean, Coast Guard medium endurance cutters and seagoing buoy tenders interdicted and supported the multi-agency recovery of self-propelled semi-submersible vessels. These “drug subs” are designed for one specific purpose—to deliver multi-ton loads of pure cocaine bound for our shores, streets, and schools. While the use of drug subs is increasingly popular in the Eastern Caribbean, these interdictions mark the first time we have encountered drug subs in the Western Caribbean. In the Arctic, the Coast Guard icebreaker *Healy* and her crew broke their way through 800 miles of Bering Sea ice to enable the motor vessel *Renda* to deliver 1.3 million gallons of fuel to the 3,600 people of Nome, Alaska after extreme weather and ice formation precluded safe delivery of this vital commodity.

Last year, the Coast Guard responded to 20,510 search and rescue cases and saved over 3,800 lives; seized over 75 metric tons of cocaine and 18 metric tons of marijuana destined for the United States; seized 40 vessels, detained 191 suspected smugglers; conducted over 10,400 annual inspections of U.S. flagged vessels; conducted 6,200 marine casualty investigations; conducted more than 9,000 Port State Control and Security examinations on foreign flagged vessels; and responded to 3,000 pollution incidents.

I am pleased to report the Coast Guard recently commissioned the lead Sentinel class fast response cutter, the *Bernard C. Webber*. Just over 60 years ago, on February 18, 1952, Boatswain's mate first class *Webber* and his three-man 36-foot motorized lifeboat crew rescued 32 souls, one by one, from the 503-foot tank vessel *Pendleton* after it broke in two in a nor'easter off Cape Cod featuring 60-foot seas, 70-knot winds and blinding snow. Petty Officer *Webber's* seamanship, courage, and leadership serve as an enduring reminder of the Coast Guard's value to the Nation.

The fiscal year 2013 budget represents a critical inflection point—the ships, boats, and aircraft we are investing in today are vital to ensuring the Coast Guard remains ready to respond to maritime threats and hazards, well into the future. Indeed, these resources will not just shape, but in a large part will define the Coast Guard's next 50 years of capability. We are also exercising resource and operational stewardship while simultaneously preparing for the future. We recently completed a review of doctrine, policy, and our operations and mission support structure to ensure we are focusing resources and forces where they are most needed. This prioritization is reflected in our fiscal year 2013 budget submission, which focuses on balancing current operations with our need to recapitalize for the future. However, we must do so in a manner that sustains our capability to safeguard lives, protect the environment and facilitate safe and secure commerce throughout our Maritime Transportation System—a system which carries 95 percent of all U.S. foreign trade and accounts for nearly \$700 billion of the U.S. gross domestic product and 51 million U.S. jobs.

The Coast Guard's value and role:

- We protect those on the sea: leading responses to maritime disasters and threats, ensuring a safe and secure Maritime Transportation System, preventing incidents, and rescuing those in distress.
- We protect America from threats delivered by sea: enforcing laws and treaties, securing our ocean resources, and ensuring the integrity of our maritime domain from illegal activity.

—We protect the sea itself: regulating hazardous cargo transportation, holding responsible parties accountable for environmental damage and cleanup, and protecting living marine and natural resources.

FISCAL YEAR 2013 REQUEST

In recognition of the current fiscal environment, the Coast Guard's fiscal year 2013 budget strikes the optimal balance between current operations and investment in future capability to sustain the Coast Guard's ability to execute its missions, and address the most pressing operational requirements. This budget request includes investment in new assets which are critical to ensure the Coast Guard remains capable of carrying out its missions today and well into the future. Accordingly, the Coast Guard's fiscal year 2013 budget priorities are to:

- Responsibly rebuild the Coast Guard;
- Efficiently preserve front-line operations;
- Strengthen resource and operational stewardship; and
- Prepare for the future.

Highlights from our request are included in appendix I.



The Coast Guard cutter Waesche conducts at-sea refueling operations for the first time in the ship's history.

Responsibly Rebuild the Coast Guard

The Coast Guard continues to focus resources on recapitalizing cutters, boats, aircraft, and command, control, communications, computers, intelligence, surveillance, and reconnaissance systems, critical to sustaining the ability to accomplish missions well into the future. This budget request fully funds the sixth national security cutter, strengthening the Coast Guard's long-term major cutter recapitalization effort to replace its aged, obsolete high endurance cutter fleet as quickly as possible. The fiscal year 2013 investments are critical to replacing and sustaining aging in-service assets, and are key to maintaining future capability.

Efficiently Preserve Front-line Operations

To ensure the Coast Guard remains ready to meet the Nation's safety and security requirements, the fiscal year 2013 budget request provides a balance between sustaining front-line operational capacity and rebuilding the Coast Guard. The fiscal year 2013 budget provides funding to operate and maintain Coast Guard assets and sustain essential front-line operations. Key investments include funding the operation of new assets delivered through acquisition programs and investment in military workforce pay and benefits.

Strengthen Resource and Operational Stewardship

The fiscal year 2013 budget meets essential mission needs while simultaneously preparing for new and exigent demands. Through a comprehensive internal review of doctrine, policy, operations and mission support structure, the Coast Guard has focused resources and forces where they are most needed, while recognizing the current fiscal challenges. The fiscal year 2013 budget also proposes administrative and programmatic reductions to improve efficiency and service delivery, while continuing investment in Coast Guard activities that provide the highest return on investment.

Prepare for the Future

The Coast Guard continuously identifies and prepares for emerging maritime threats facing the Service and the Nation. The fiscal year 2013 budget request recognizes the criticality of the Arctic as a strategic national priority, given increasing presence and interest by other nations, the preponderance of natural resources available in this region, and increasing maritime commercial and recreational activity.

CONCLUSION

The role of the Coast Guard has never been more important. As we have done for well over two centuries, we remain “Always Ready” to meet the Nation’s ever-broadening maritime needs, supported by the fiscal year 2013 request. I request your full support for the funding requested for the Coast Guard in the President’s fiscal year 2013 budget. Again, thank you for the opportunity to testify before you today. I am pleased to answer your questions.

APPENDIX I—FISCAL YEAR 2013 BUDGET REQUEST

*Responsibly Rebuild the Coast Guard**Surface Assets—\$879.5 Million (0 FTE)*

The budget provides \$879.5 million for surface asset recapitalization and sustainment initiatives, including:

- National Security Cutter (NSC)*.—Provides production funding for the sixth NSC; NSCs will replace the aging fleet of high endurance cutters, first commissioned in 1967. The acquisition of NSC No. 6 is vital for performing DHS missions in the far off-shore regions, including the harsh operating environment of the Pacific Ocean and Bering Sea, as well as providing for robust homeland security contingency response.
- Fast Response Cutter (FRC)*.—Provides production funding to procure fast response cutters (FRC) 19–20. These assets replace the aging fleet of 110-foot patrol boats, and provide the coastal capability to conduct search and rescue operations, enforce border security, interdict drugs, uphold immigration laws, prevent terrorism, and ensure resiliency to disasters. Hulls Nos. 17–20 will be procured in fiscal year 2013 using fiscal year 2012 and fiscal year 2013 funds, maintaining FRC production at the current rate.
- Offshore Patrol Cutter (OPC)*.—Continues initial acquisition work and design of the OPC. The OPC will replace the medium endurance cutter class to conduct missions on the high seas and coastal approaches.
- Medium Endurance Cutter (MEC)*.—Completes the Mission Effectiveness Program for the 270-foot MECs at the Coast Guard Yard.
- Survey and Design*.—Initiates survey and design work for a mid-life availability on the 175-foot Coastal Buoy Tender class.

Air Assets—\$74.5 Million (0 FTE)

The budget provides \$74.5 million for the following air asset recapitalization or enhancement initiatives, including:

- HC-144*.—Funds production of the 18th HC-144A Maritime Patrol Aircraft. The HC-144A fleet will provide enhanced maritime surveillance and medium airlift capability over the legacy HU-25 aircraft that they replace. The HU-25s will all be removed from service by the end of their planned service life, in fiscal year 2014.
- HH-65*.—Funds sustainment of key components requiring recapitalization.

Asset Recapitalization; Other—\$76.5 Million (0 FTE)

The budget provides \$76.5 million for the following equipment and services:

- Command, Control, Communications, Computers, Intelligence, Surveillance, and Reconnaissance (C4ISR)*.—Deploys standardized C4ISR capability to newly fielded NSCs, C-130s and MPAs, and develops C4ISR capability for other new assets.

—*CG-Logistics Information Management System*.—Continues development and prototype deployment to Coast Guard operational assets and support facilities.
 —*Nationwide Automatic Identification System (NAIS)*.—Continues recapitalizing the existing interim NAIS system in 58 ports and 11 coastal areas by replacing it with the permanent solution design and technology via the core system upgrade.

Shore Units and Aids to Navigation (ATON)—\$69.4 Million (0 FTE)

The budget provides \$69.4 million to recapitalize shore infrastructure for safe, functional, and modern shore facilities that effectively support Coast Guard assets and personnel:

- Station New York Boat Ramp*.—Constructs a boat ramp for launching small boats at Station New York, New York, for both the Station and Maritime Safety and Security Team New York.
- Air Station Barbers Point*.—Constructs an aircraft rinse rack facility to properly and effectively rinse C-130 aircraft at Air Station Barbers Point.
- Major Acquisition Systems Infrastructure*.—Commences construction of piers and support facilities for three FRC homeports; construction of an MPA training facility at Aviation Technical Training Center in Elizabeth City, North Carolina; construction of MPA maintenance facility hangar at the Aviation Logistics Center at Elizabeth City, North Carolina.
- ATON Infrastructure*.—Completes improvements to short-range aids and infrastructure to improve the safety of maritime transportation.

Personnel and Management—\$117.4 Million (842 FTE)

The budget provides \$117.4 million to provide pay and benefits for the Coast Guard's acquisition workforce.

Efficiently Preserve Front-Line Operations

Pay and Allowances—\$88.9 Million (0 FTE)

The budget provides \$88.9 million to fund the civilian pay raise and maintain parity of military pay, allowances, and healthcare with the DOD. As a branch of the Armed Forces of the United States, the Coast Guard is subject to the provisions of the National Defense Authorization Act, which includes pay and personnel benefits for the military workforce.

Annualization of Fiscal Year 2012—\$54.2 Million (260 FTE)

The budget provides \$54.2 million to continue critical fiscal year 2012 initiatives.

Operating and Maintenance Funds for New Assets—\$47.6 Million (139 FTE)

The budget provides a total of \$47.6 million to fund operations and maintenance of shore facilities and cutters, boats, aircraft, and associated C4ISR subsystems delivered through acquisition efforts. Funding is requested for the following assets and systems:

- Shore Facilities*.—Funding for the operation and maintenance of shore facility projects scheduled for completion prior to fiscal year 2013.
- Response Boat-Medium*.—Funding for operation and maintenance of 30 boats.
- Interagency Operations Center (IOC)*.—Funding for the operation and maintenance of the Watch Keeper system.
- Rescue 21 (R21)*.—Funding for the operation and maintenance of the R21 System in Sector Sault Ste. Marie and Sector Lake Michigan.
- FRC*.—Operating and maintenance funding for FRCs Nos. 8–9 and funding for crews Nos. 9–10. These assets will be homeported in Key West, Florida. Funding is also requested for shore-side maintenance personnel needed to support FRCs.
- HC-144A MPA*.—Operating and maintenance funding for aircraft Nos. 14–15 and personnel funding to operate and support aircraft Nos. 15–16.
- Air Station Cape Cod Transition*.—Funding to complete a change in aircraft type allowance, and programmed utilization rates.
- Training Systems for Engineering Personnel*.—Funding to support NSC and FRC training requirements at Training Center Yorktown.
- HC-130H Flight Simulator Training*.—Funding to support aircraft simulator training for HC-130H pilots, flight engineers, and navigators.

St. Elizabeths Headquarters Consolidation—\$24.5 Million (0 FTE)

Provides funding to support the Coast Guard's relocation to the DHS consolidated headquarters at the St. Elizabeths Campus in Washington, DC. Funding supports the systematic move of equipment, employees, and work functions to the new headquarters location, beginning in the third quarter of fiscal year 2013.

*Strengthen Resource and Operational Stewardship**Asset Decommissionings*

In fiscal year 2013, in addition to the planned decommissioning of legacy assets, the Coast Guard will make targeted operational reductions to prioritize front-line operational capacity and invest in critical recapitalization initiatives.

High Endurance Cutter (HEC) Decommissionings—\$16.8 Million (–241 FTE)

The Coast Guard will decommission the fourth and fifth of the original fleet of 12 HECs. With the average cutter age at 43 years, the HEC fleet has become increasingly difficult to maintain and sustain operationally. The decommissioning of two HECs is critical to support ongoing major cutter recapitalization efforts. National security cutters, including the sixth NSC which is fully funded by this budget request, replace the aging HEC fleet.

110-ft Island Class Patrol Boat Decommissionings—\$2.0 Million (–35 FTE)

The Coast Guard will decommission three 110-ft patrol boats in fiscal year 2013. The 110-ft patrol boats are being replaced by the FRC.

High Tempo High Maintenance Patrol Boat Operations—\$33.5 Million (–206 FTE)

The Coast Guard will terminate the high tempo high maintenance (HTHM) operations program that facilitates augmented operation of eight in-service 110-foot patrol boats. Termination of this program coincides with commissioning of new FRCs which will mitigate this lost capacity.

Close Seasonal Air Facilities—\$5.2 Million (–34 FTE)

The Coast Guard will improve the efficiency of domestic air operations by closing Seasonal Air Facilities and realigning rotary wing capacity to provide three medium-range H-60 helicopters to the Great Lakes region to replace the H-65s currently in service. Due to limited demand for services and improved endurance from the H-60, the Coast Guard will discontinue operations at two seasonal Coast Guard Air Facilities at Muskegon, Michigan, and Waukegan, Illinois.

HU-25 Aircraft Retirements—\$5.5 Million (–20 FTE)

The Coast Guard will retire the three remaining HU-25 aircraft assigned to Coast Guard Air Station (CGAS) Cape Cod to allow for the transition to HC-144A aircraft. In fiscal year 2013, the Coast Guard will deliver and place in full-operational status three HC-144A aircraft at CGAS Cape Cod.

Management Efficiencies

The budget proposes administrative and programmatic efficiencies to improve service delivery, while continuing investment in Coast Guard activities that provide the highest return on investment.

DHS Enterprise-Wide Efficiencies—\$56.3 Million (–24 FTE)

The Coast Guard will seek efficiencies and cost reductions in the areas of IT infrastructure, Government vehicles, professional services contracts, non-operational travel, GSA leases, permanent change of duty station relocation costs for military personnel, and logistics services by consolidating/centralizing functions in geographically concentrated areas.

Programmatic Reductions

In fiscal year 2013, the Coast Guard will make targeted reductions in base program areas. These base adjustments recognize changes in requirements for selected activities and redirect resources toward higher priorities, including critical recapitalization projects and essential front-line operations.

Headquarters Personnel and Support Reduction—\$12.7 Million (–131 FTE)

The Coast Guard will eliminate 222 headquarters positions through attrition and implementation of a civilian hiring freeze in the Washington, DC area. This reduction preserves the Coast Guard's critical capabilities to conduct front-line operations; mission support; and development and implementation of national policies and regulations.

Recruiting Program Reduction—\$9.8 Million (–39 FTE)

The Coast Guard will make reductions to the recruiting program and selective enlistment bonuses, which are not needed based on the current employment outlook.

Other Targeted Program Reductions—\$6.2 Million (– 62 FTE)

The Coast Guard will make targeted reductions to the intelligence workforce, organizational performance consultants, and non-reimbursable detached duty billets.

Targeted Operational Reductions—\$3.7 Million (– 32 FTE)

Based on an internal review and assessment of operational risk, the Coast Guard proposes to make targeted operational reductions by reorganizing the international Mobile Training Team, consolidating PWCS airborne use of force (AUF) capability at Elizabeth City, North Carolina; and San Diego, California, and eliminating the Vintage Vessel National Center of Expertise.

*Prepare for the Future**Polar Icebreaker—\$8.0 Million¹ (0 FTE)*

Initiates survey and design of a new polar icebreaker to ensure the Nation is able to maintain a surface presence in the Arctic well into the future.

Alaska Shore Facilities—\$6.1 Million¹ (0 FTE)

Provides funding to recapitalize and expand helicopter hangar facilities in Cold Bay, Alaska, and recapitalize aviation re-fueling facilities at Sitkinak, Alaska. These investments will sustain the Coast Guard's ability to establish effective presence in the Bering Sea and Aleutian Chain—the “gateway” to the Arctic.

Senator LANDRIEU. Thank you, Admiral.

Senator, do you have a question? Okay, perfect.

Senator Coats and Senator Cochran will submit questions for the record, and they have had to leave for an intel briefing.

FAST RESPONSE CUTTERS: PRODUCTION

We will do 5 minutes each of rounds. Let me begin with the fast response cutters.

Of course, I am familiar with these because they are built in Louisiana, and I am proud to say in Lockport, Louisiana. I was there in April with others to commission the first fast response cutter, the *Bernard C. Webber*. Now these cutters are going to provide 2,500 annual operation hours, which will allow the Coast Guard to close a 25-percent shortfall in patrol boat hours.

In 2012, we fully funded the Department's request for six fast response cutters. The Department sold this subcommittee on the fact that building six maximizes the production line and actually saves taxpayers \$30 million when you get the efficiency of building a line and keeping the production going. It also obviously accelerates the delivery of these ships that are important in your priority.

Last year's budget request indicated that another six were necessary, but the budget before us includes funding for only two. Yesterday, the House Appropriations Committee released their draft, and it includes funds for four. If our Senate bill would include funds for four or more, will you be in a position to award a contract for six, continuing the savings and the efficiencies that we tried to create last year, Admiral?

Admiral PAPP. Yes, Chairman, absolutely. It is regrettable—and I understand the confidence and the support that you gave the Coast Guard by putting six patrol boats in last year's budget. Unfortunately, in trying to fit within the top line this year, acquisition funding was reduced by 20 percent.

I was forced into a position of having to maintain the minimum production levels in all our acquisition projects just to keep the

¹Note: Funding amounts within this section are included in totals listed within the Responsibly Rebuild the Coast Guard section.

lines going so that we don't have to restart lines later on at great cost. So I admit that it is a little bit of a shell game. What I did was I fit in as many things as I could and ended up with two FRCs in the fiscal year 2013 budget. And I was hopeful that we would get permission to be able to use the 2012 money to keep the production line going at at least four per year.

But given the scenario that you have suggested here from the House mark, absolutely. If there are four FRCs in the 2013 budget, that will allow me to execute six this year. And that is absolutely the way ships should be produced.

You give the shipbuilder a constant stream of funding or a predictable stream of funding. They can keep their employees on. They can buy long-lead time parts. It is the most efficient way to run a shipyard. Much the same way as we need to run the national security cutter program as well at Huntington Ingalls. They need to have predictability and a steady funding stream, so that we can get the best efficiencies and get the best price for the taxpayer as we build these ships.

NATIONAL SECURITY CUTTERS: POSSIBLE SHARED FLEET WITH NAVY

Senator LANDRIEU. Thank you, and that leads into my exact second question with the national security cutter, which is built across the road in Mississippi. It is the most capable ship of the Coast Guard's recapitalization surface fleet. Each NSC is 418 feet long with an operational range of 12,000 nautical miles. It can remain at sea for over 2 months. The budget request includes funding for the sixth, but no funding is projected for out-years for the final two.

I know in the past that you have testified that Nos. 7 and 8 are necessary to meet your requirements. When Secretary Napolitano testified before the subcommittee in March, she said, "Before moving ahead on Nos. 7 and 8, we want to make sure we are coordinated with the Navy." Her point was to make sure the Coast Guard and the Navy fleets are not duplicative and complement each other.

Have you talked with the Chief of Naval Operations about your respective fleet plans? Did your conversation provide more clarity on the need for Nos. 7 and 8? And what are the impacts to our Nation if Nos. 7 and 8 are not built?

Admiral PAPP. The answer to your immediate question, Chairman, yes, I have spoken with Admiral Greenert. We meet regularly. We see each other usually about twice per week. But we held a specific meeting to discuss shipbuilding in particular to make sure that both of our services are giving the American citizens the best return on their investment.

And last week, even though I was still recovering, our staffs got together, and they compared our shipbuilding programs as well. And what we have determined is that the Navy is building ships that the Navy needs. The Coast Guard is building ships that the Coast Guard needs.

And while these fleets are complementary, for best service to the American people, we need to be able to be interoperable, share some systems. So that if the worst case happens, Coast Guard cutters can be used to support the Navy, and likewise under domestic or security situations, Navy assets can help supplement the Coast

Guard. So what we do is we build complementary vessels. But I can assure you they are nonredundant.

If you ask the Chief of Naval Operations, I am sure he will tell you he doesn't have enough ships to do all the thing he needs to do. And I will tell you that I don't have enough ships to do all the things I need to do.

As regards Nos. 7 and 8, I actually see a ray of optimism there. The fact of the matter is it remains the program of record, eight national security cutters, and Secretary Napolitano has confirmed that. And in fact, Nos. 7 and 8 are listed in the 5-year plan, and it is regrettable there are zeroes under there. I would like that to be different.

But having said that, when I look at the cumulative figures that have been projected by the administration and our 5-year plan, it really brings us closer to the level of funding that I think is adequate to recapitalize the Coast Guard. In fiscal year 2014, it calls for almost \$1.5 billion.

I have gone on record saying that I think the Coast Guard needs closer to \$2 billion per year to recapitalize, do proper recapitalization. And over that 5-year period, we build up to \$1.7 billion. So a ray of hope for me is that we are getting closer to what we need to recapitalize the service.

As regards the figures within the columns for each one of those years, I think we all know that, year to year, that is a negotiation process. It is a projection, but every year it seems to change.

So what the Secretary has done is she has said we need to compare with the Navy. We need to make sure that we are not building something that is redundant, that is an unfair burden on the taxpayers because the Navy can do it or vice versa. And I think that we have determined in my discussions with the Chief of Naval Operations that we are not.

Senator LANDRIEU. Okay. I really appreciate that clarification.

I am going to turn it over to Senator Lautenberg in a minute. But because the three of us serve on the Appropriations Committee, I wanted to say this because I think my colleagues are well aware of this.

I think the American people will continue to be surprised that the United States of America does not have a capital budget. I think the American people are just learning about how our budgets either operate or don't operate. I think they would be really shocked and somewhat disappointed that we don't have a capital budget.

I represented the State of Louisiana for many years. I served as a legislator and appropriator and a State treasurer. Senator Lautenberg has experience. Obviously, Senator Murkowski served as a leader in your house, did you not, Senator?

I mean, we had an operating budget. We had a capital budget. And so, for long-lead time things that we built, that took years to build, we would put in our capital budgets, managed our debt, maintained it, had an operational balanced budget.

When I look at what I am going to have to fund as the chair of this subcommittee in homeland security in terms of really big-ticket items—like finding the funding for your icebreaker that costs,

what, \$1 billion plus? Eight hundred to \$900 million. We have got to build an icebreaker. We have to build that icebreaker.

We also have to finish the headquarters complex. Now that could be some people might think yes or no. But you have got a new department that is very important. They need to have a building to operate. That has been put on hold.

So these big capital projects. And then I have got several members of my subcommittee clamoring to build a \$1 billion bio, what is it, agriculture bio in Kansas. And they want me to fund this out of our operating budget for homeland security?

I don't know, Senator. I mean, it is not for the discussion. But you all can appreciate specifically—and I think we are going to have to do some more things for Alaska, given the activity that is going on in Alaska, which has not been there for the last 50 or 100 or ever, I mean, since they came into statehood.

I could do a whole hearing on offshore Alaska and take up hours discussing it, which I might do, Senator Murkowski. So we can explain to people what is actually happening up your way.

But anyway, this is a great challenge for our subcommittee. I am open to suggestions, and I thank you for trying to be as efficient as you can be. But at some point, Senator Lautenberg, we are going to have to bring this to the attention of our chairman.

But let me turn it over to Senator Lautenberg now.

BAYONNE BRIDGE PROJECT

Senator LAUTENBERG. Thanks very much, Senator Landrieu. Spoken like a true leader.

I had a long business career before I got here. And capital budgets, you have an opportunity to amortize your investment over the life of the article, and so it reduces the need for cash on a constant basis and is more in keeping with the standard accounting procedures and giving us some latitude.

I look at the things that you are asked to do in the Coast Guard, and there is never a place almost that your people and your organization can't be of help, whether it is moving into a combat zone, whether it is helping in the case of landings or knowledge or what have you.

And the world is changing around us. Even though some here don't believe that global warming is happening, the fact of the matter is that it is happening, and it is happening in a way that will create more demand for Coast Guard presence.

And I know that Senator Murkowski is very conscious of what is happening up near Alaska with the ships of other countries now getting into places that were not available to them before. So you have to be a bit of a magician, Admiral, and we are going to try to help you get the goods.

As mentioned, the Bayonne Bridge in New Jersey is there, will be there to accommodate larger ships coming through the Panama Canal 2014, and it is essential to our region's economy and to our Nation's economy. And while we want a thorough environmental review, Admiral, we want it done as quickly as possible.

As a leader of the review process, can you commit to working with us, with me to expedite consideration of this project?

Admiral PAPP. Senator Lautenberg, I certainly do. We are committed to working that project as quickly as possible. We are already at work with the Port Authority and the local agencies. I, myself, understand the value of that project, having cut my teeth as a young officer working in Kill Van Kull and Newark Bay underneath that same Bayonne Bridge that needs to be replaced.

And I remember how tight it was there for ships even, I hate to say, 25 to 30 years ago when I was working there to get through that area. So that bridge, we wondered at that time, it probably should have been replaced then. So it is certainly in need of replacement now in order to keep the Port of Newark viable up there.

So we understand the importance, and I commit to you to track this and work with my people up in that area to make sure that we are moving this along as quickly as possible.

Senator LAUTENBERG. Thank you. More than 3 million vehicles cross the Bayonne Bridge every year. They connect two roads in the National Highway System. The Coast Guard is the lead agency on the Federal review, but the Department of Transportation (DOT) also is a key player. What steps are taken to involve DOT in this review process, Admiral?

Admiral PAPP. We work with the Department of Transportation very closely. Being our legacy department, we still have many contacts, and we have liaisons over there.

And currently, we are working on a very important project out on the Columbia River right now. And Secretary LaHood and I met with the Oregon and Washington State delegations to make sure that we are keeping that project going along. So we have contact at the highest levels and at the working level of the DOT to make sure that these high-priority projects get the proper attention.

FULFILLING CRITICAL MISSIONS

Senator LAUTENBERG. This budget has its shortcomings. We take whatever we can get, but doesn't mean we have to be happy along the way. You are having a difficult time, you said, meeting all the Coast Guard's missions under the current budget.

Now how will the Coast Guard fulfill its critical missions if automatic spending cuts further reduce your budget next year?

Admiral PAPP. Senator, I simply do not know. I mean, I can give you a lot of hyperbole right now talking about massive cuts, massive decommissionings of ships, and all of that is true. I don't have the details. Quite frankly, it is a nightmare scenario for us.

It would cause us to have to reduce our force significantly. I am not talking about 1,000 people like in this budget. It would be multiple thousands of people from the Coast Guard and likely front-line operational units that would have to be decommissioned, perhaps training centers.

It would be going back to some of the things that we were confronting in the late 1990s as our budget was whittled down over time.

DRUG INTERDICTION

Senator LAUTENBERG. Madam Chairman, we have to fight our way to not let that happen. And I am sure, Senator Murkowski, you agree. We are both water-contacted States. Not quite as much

as you, but little New Jersey has got a lot of coastline for the size of the land mass.

The new things that occur outside of your bailiwick that fall to further responsibilities for you. You mentioned these drug subs and people out there trying to create ways to get past the Coast Guard's purview and the rest of our law enforcement organizations. And according to the military, limited resources allow for only one-third of the drug shipments that the United States knows about to be intercepted.

Now you said recently the Coast Guard will likely have to reduce its drug interdiction role in Latin America with limited resources. Now we pay for these deficiencies, one way or another. We pay for it in advance and prepare ourselves to stop these things before they become problems in both pain and suffering in so many ways.

Costs continue to be there, whether it is incarceration or trials or whatever. And if we can cut the supply short before it gets here, we are a lot better off. If the Coast Guard's role is reduced, what is going to be the impact on our ability to prevent drugs from entering?

Admiral PAPP. Sir, this is one of those scenarios that doesn't make sense to me. I talked about the drug sub that we interdicted just this last month. There was another one just a couple of weeks ahead of that where we got 2 tons of cocaine, which we actually seized. We estimate in this sub, because they scuttled it, but ordinarily those that we have captured carry around 5 tons of cocaine.

We interdict or stop, the Coast Guard, in the transit zone between South America and where it enters Central America annually roughly about 100 tons of pure cocaine. There is about 700 tons that are produced in South America. There is a market for about 400 tons in the United States. We interdict about 100 tons.

The entire law enforcement establishment of the United States in the lower 48—Federal, State, and local—only seize 40 tons each year. So if we can take it out of the transit zone before it reaches Central America, where it destabilizes countries and creates violence, and that violence is approaching our southwest borders, I think we are much better off.

But the only way we can do that is by having substantial off-shore cutters that we can deploy down to the deep Caribbean and to the Eastern Pacific to sit off Colombia and the other surrounding countries to interdict those vessels as they try to make their way up to Central America. Ninety percent of the cocaine produced goes by maritime routes.

We know at least through South America; it has to transit the maritime to get into Central America. And as you say, out of all the intelligence that we have queued, we are only able to prosecute about 30 percent of that intelligence.

Senator LAUTENBERG. Thanks very much, Admiral. Keep the ports tight and ready, and we will try to give you the equipment and you bring the spirit. Thank you very much.

Admiral PAPP. Thank you, Senator.

Senator LANDRIEU. Senator Murkowski.

ICEBREAKERS

Senator MURKOWSKI. Thank you, Madam Chairman.

And you remind us all, and I think this bears repeating, that what we are seeing in the Arctic right now is absolutely unprecedented, unprecedented in our Nation's history, in the history of the globe. Because what we are seeing is we are seeing more water up there. And as Admiral Allen said before you, Admiral Papp, I don't know whether it is climate change or what it is, but all I know is that the Coast Guard has more water that we are in charge of.

So what we have done with our Coast Guard is the mission has expanded because we are seeing a change in the Arctic. We are seeing more water that the Coast Guard is now charged with, and yet what we haven't done as a Congress is step up to that responsibility, acknowledge that as an Arctic nation, we need to have an icebreaker. We haven't stepped forward with the resources necessary or the manpower or the assets.

And so, we have got to recognize our role here and provide the requisite support for our Coast Guard. As I mentioned in my opening comments, Admiral, you have stated that the United States is behind the power curve regarding the Arctic. There was a Naval War College Gaming Department report that found that the Navy is also woefully unprepared and ill-equipped for activities in the Arctic.

So we have got a situation here, whether it is potential for resource development that we are hopeful we will move forward this summer, or whether it is the increased traffic that we are seeing with just commercial activities and container ships moving minerals from Russia, moving through the straits there, or whether it is cruise ship activity, there is greatly stepped up activity in the north.

So, Admiral, I would ask you to dream just a little bit for me. And I know that you are hesitant to say truly what you need. But as an Arctic nation, we don't have icebreaking capacity right now. The *Polar Sea* is being decommissioned. The *Polar Star* is being refurbished. She will be back in the waters in 1.5 years, but she has got a limited life expectancy, I understand, of just about another 10 years.

We have got the *Healy* that is our research medium-strength cutter, but we don't have any icebreakers. What do we need as an Arctic nation to meet the responsibilities that we have?

Admiral PAPP. Senator, part of the problem is, you and I understand that we are an Arctic nation. It is hard to get the rest of the Nation's attention on—

Senator MURKOWSKI. So if you and I were in charge?

Admiral PAPP. First of all is educating people. This chart that I put down in front of you, the Chief of Naval Operations had an equivalent chart as well, and he showed where all his threats are. And one of the things that I found interesting is he had a little symbol for chokepoints. In other words, in the Straits of Malacca, in the Straits of Gibraltar, and other places, he had these symbols that indicate that they were chokepoints. And those are very important to freedom of the seas for the United States.

And when I looked across his chart, I said you missed two key areas. And he said what do you mean? I said the Bering Strait and Unimak Pass. For our Nation's prosperity, those are two key chokepoints, but the Chief of Naval Operations for the United

States didn't even recognize that because there are no threats for him to deal with up there at present.

Senator MURKOWSKI. And if we could just tell our colleagues here that with there, the Bering Straits, as I understand, is about 52, 57 miles, or something like that?

Admiral PAPP. That is about it between us and Russia, yes, ma'am.

Senator MURKOWSKI. Pretty close.

Admiral PAPP. And Unimak Pass, which is even less than that, between two islands is on the great circle route between the Asian Pacific and our west coast ports, and there are literally thousands of ships that transit through there, carrying fuel and other things that put us at risk for environmental disasters, sinkings, and other things.

So these are key issues for the U.S. Coast Guard.

Senator MURKOWSKI. So how many ships, how many icebreakers do we need?

Admiral PAPP. Icebreakers, we have done a study. Our high-latitude study said that, optimally, we should have three heavy icebreakers and three medium icebreakers. But that is also because we have responsibilities in Antarctica right now as well.

With our present laydown of icebreakers, we are at an at-risk position. In fact, I lucked out this particular year or we lucked out because the National Science Foundation lost their lease for the Swedish icebreaker that they were contracting to break out *McMurdo* in Antarctica this year, and they came to me and asked if I would change *Healy's* operational schedule and deploy *Healy* down to Antarctica.

And my response was, no, I wanted to keep *Healy* close because we are at an at-risk position. And then, lo and behold, we had Nome freeze in, and we had to do that emergency fuel delivery—

Senator MURKOWSKI. We appreciate your foresight in not sending *Healy* down south.

Admiral PAPP. I am delighted that I don't have to sit here today and explain to you why *Healy* was in Antarctica when Nome was starving for fuel. But the truth of the matter is we simply lucked out.

Senator MURKOWSKI. Let me just finish up then because my time has expired here. We have got \$8 million now in the budget requested for the study and the design of the new icebreaker. I have indicated to my colleague that it is somewhere between \$800 million and \$900 million, an 8-year build-out for an icebreaker.

Can you give me a little bit of detail in terms of what is next in the acquisition process, what we can realistically expect in terms of a timeframe for a new icebreaker to be launched?

Admiral PAPP. Yes, ma'am. I would say the \$8 million is a good start. Survey and design. We need to survey the interagency. This is not just a Coast Guard icebreaker. It is a United States icebreaker and a very valuable asset to this country.

So we need to make sure that the Department of Defense is served, the National Science Foundation is served, the Department of the Interior is served. We need to reach out across the interagency to make sure we are making accommodations for everybody. We didn't necessarily do that in the past.

Although *Polar Star* and *Polar Sea* were the best icebreakers in the world 30 years ago, they weren't really conducive for some of the things that the National Science Foundation has to do and other agencies. We built great icebreakers, but they weren't necessarily great scientific vessels.

So if we are going to invest this much of our taxpayers' money, we really need the time to go across the interagency. Nobody really comes together until you have some money in hand. We now have the money in hand. People will come. We will consult with the interagency and come up with the design that best serves the United States.

Given that deliberative process and our current acquisition rules, I would say that 10 years is probably a reasonable time period to figure before we have that ship delivered and able to start operations. That is why we have invested in *Polar Star*, to return her to service, so that we can gap that period for at least 10 years until we get the new icebreaker in the water.

Senator MURKOWSKI. I appreciate your statement there, Admiral, and I recognize the difficulties. I think we do want to make sure that we have got good design that does fit well with the needs that are out there.

But I think we are doing a better job in terms of reminding people that we do have responsibilities as an Arctic nation, and that we are unprepared. And what can we do to expedite the process? What can we do to perhaps look to different alternatives?

And that is why I mentioned in my opening comments, maybe it is time that we look to some of the other alternatives that might be out there in the private sector. I know that leasing is something that the Coast Guard has said you have got some real reservations about. But given what we are dealing with with budget issues and dealing with the time period that we are all talking about here, it causes me to wonder.

Because I don't want us to be sitting 5 years from now not being able to meet the needs and wishing that we had done something either interim or had tried to expedite the process. I think we are all very concerned that we have got some real gaps currently, and how we deal with that is going to be very, very critical.

Admiral PAPP. Yes, ma'am. And I didn't want to leave you with the thought that I am not open to other ideas. I am. It has been suggested on the House side as well, and we will look at the leasing opportunities and assess how that works.

I have just watched Shell Oil go out and get one built very quickly. It may not be the type of icebreaker that we would want. But on the other hand, you can get it done quickly. And if we can get it done quickly for less money, we are always open to something like that. So we will investigate that possibility.

Senator MURKOWSKI. Appreciate that. I will have more questions in the next round.

Thank you, Madam Chair.

Senator LANDRIEU. Thank you, Senator.

INNOVATIVE FINANCING SOLUTIONS

And that really leads into the question that I wanted to ask about options for meeting the challenge that we have. We have al-

ready made it clear that the need is there. The budget, as we have been budgeting, is not going to meet that need.

So I am either going to do two things. We are either going to create a capital budget for this subcommittee, or we are going to look for some innovative financing solutions. And I would like you to talk for 1 minute about innovative financing solutions that either the Coast Guard has considered or you have observed the Navy.

And you don't have to go into too much detail, but give us some idea that there might be a way or two out of the situation that we are in. Take 1 minute or 2 to describe what you are hearing or what you are observing, what you consider, and if you have the current authority to do that. And if not, do you need this subcommittee or another committee to provide you with the authority you need?

Admiral PAPP. Thank you, Chairman.

Going back to your last round of questioning and the statement you made about the capital investment plan and your comments now, a point that I would like to make is you frequently use the word "leadership." And I think that is a key element to all of this that you are talking about.

Leaders have to be concerned about year-to-year, but if you are a true leader and not a manager, you are looking out. You have vision. You have a plan. You take your service or your agency, you have an objective 10, 20, 30, or 40 years down the road that you are building toward because you have to have that vision to take into consideration the potential threats that your country is going to face along the line.

The challenge for leaders in this town is we are consumed by people whose vision only goes from year-to-year. And we spend about 75 percent of our time dealing with people who do not have vision, that only focus on year-to-year challenges and how to fit within a top line, and it consumes us.

If we had some way to have stable, predictable, consistent funding for our projects, you gain the efficiencies of being able to transfer that to industry, which looks for stable, consistent, predictable funding for the projects and their workforces and their capital plans all along the line.

Part of the challenge that I face is in order to comply with A-11 requirements, we have in the past had to try to fit entire costs of one ship into one budget year. And when the total cost, long-lead production and post-production cost for, let us say, a national security cutter gets up in the vicinity of about \$700 million, and I am only getting \$1.2 billion or \$1.4 billion in acquisition money, that is half our acquisition budget right there.

Senator LANDRIEU. So what is an alternative? I mean, just roughly. I mean, some other countries must be experiencing some of these challenges. The private sector experiences some similar challenges.

So what are some options that you hear about? Is a leasing arrangement possible? And if so, are you authorized to consider it, or do you need new authorizations?

Admiral PAPP. I will have to get back to you for the record on that. We are looking at that because the question has come up so often, and I think we are—

Senator LANDRIEU. I appreciate you taking a look at it.

Admiral PAPP. We are all a little reluctant. I mean, I have leased cars in the past. And I spend a lot of money, and at the end of 3 years, I don't have a car.

So the Coast Guard's practice, because of our funding levels for two centuries now, is we generally get a lot more out of our assets than any other agency. There is no other navy in the world, certainly not the U.S. Navy, that would keep ships like ours around 40, 45 years. They are generally decommissioned at about 25 years.

So we have this mindset of taking care of things for long periods of time. Maybe there is a better way of doing it. Getting for short term and then turning around and getting newer things. But we will—

Senator LANDRIEU. Okay. I just want you to know that this subcommittee is not interested in managing on the margins. Our subcommittee is interested in helping you build the Coast Guard we need for the country. And in that, I need you to provide us with some options and some information.

[The information follows:]

For purposes of executing the duties and functions of the Coast Guard, the Secretary of the Department of Homeland Security, under 14 U.S.C. 92, may within the limits of available appropriations "design or cause to be designed, cause to be constructed, accept as gift, or otherwise acquire vessels. . . ." The Federal Acquisition Regulation defines "acquisition" as "acquiring by contract with appropriated funds supplies or services. . . by and through purchase or lease. . . ." The Federal Acquisition Regulation further provides that leasing is appropriate if entering into a lease is advantageous to the Government. These basic authorities establish that the Secretary has the ability to acquire a vessel for the Coast Guard, through a lease arrangement. Whether a lease is advantageous must be evaluated based on a host of factors, including the likelihood of sufficient budget authority and funding to support the lease, and the comparative costs between leasing and outright purchase.

While there are ways to mitigate risks and costs associated with leasing, the reality for the Coast Guard is that given the need for a domestic producer to design and construct a specific vessel unique to Coast Guard multi-mission requirements, the risks are enormous for the shipbuilder. The shipbuilder will seek to shift those risks and costs to the Coast Guard. That dynamic is likely to undermine many of the advantages the Coast Guard would seek to exploit by pursuing a lease.

The Coast Guard has traditionally acquired its capital assets through procurement. This approach is undertaken primarily due to the length of time the Coast Guard maintains these assets in service. For example, the majority of the Coast Guard's major cutters have been in service for more than 40 years, which from a business case perspective, generally makes acquisition more cost effective than leasing.

Senator LANDRIEU. I think Senator Murkowski and I are in a great position in the leadership positions that we hold, both on Appropriations and Energy, et cetera, to think outside of the box and to make some things happen. I have no intention of serving as chairman of the Homeland Security Committee and operating around the margins.

I will not be constrained by the current nonsense that I hear about the budget of the United States. And so, while I realize that resources are limited, ideas are not limited. And dreams are not limited, and new approaches aren't limited. And so, we are going to explore them because I intend to build and support the Coast Guard the country needs.

We can't close our eyes to the things happening around the world. I mean, what the Senator described in Alaska, whether peo-

ple acknowledge it or not has no bearing on whether it is true. I mean, it is true, period. Their acknowledgment of it or their education of it matters nothing to me because we know what we have to do.

And when I look at the budget that I have, I honestly have to say I can't do it, and I am not prepared to not do it. So I have really got a big challenge here, and I need you to help me.

HOUSING AND CHILD CARE FACILITIES

Let me just move to one more question and then I am going to submit the rest for writing. But I am very interested in this issue. First Lady Michelle Obama and Dr. Biden have spent a lot of their time on something that I think is very important, and that is really meeting our commitment to the men and women in the military by caring for their families.

Everybody I have ever met that served in any service has said to me over and over again, and I am sure, Senator, to you. "Please, Senator, don't worry about me. I want you to take care of my spouse. I want you to take care of my children."

So I have taken that to heart, and we have tried to focus some efforts as appropriators on housing, on daycare, on good education systems for our men and women in uniform. I am sure that the men and women of the Coast Guard tell you the same thing.

So, in our budget last year, we plussed up a little bit what we could on our daycare and our education. But unlike the Army and the Navy, of which I serve on the Milcon subcommittee, which are in cities and near urban areas, the Coast Guard finds itself in very rural areas, just by the nature of your mission.

I mean, you are on the coast. Sometimes there are big cities there, but sometimes, often—and I am sure this is true in Alaska—it is very rural. So what are we doing to help our Coast Guard families? Could we suggest some things, some new opportunities for financing, and how tough is the situation that you are facing?

And if you could sort of describe the general housing that your Coast Guard people and families are living in. Is it very good? Is it mediocre? Is it very poor? If you could help us understand what we might be able to do because we want to make sure our families are safe and that we really do honor their service by providing them a safe and adequate place to live.

Admiral PAPP. Thank you, ma'am.

I think, as you know, my wife Linda and I have taken this to heart. Two of our highest-priority projects that we have been working in all the extra time that we have in our visits as we travel around the country is housing for our people and getting proper child care facilities for our people as well.

That is why we so deeply appreciated the plus-up that we received last year, and we have put that to good use. We have lowered cost for our junior families to be able to put their children in child care centers. We have brought on new instructors. We have trained people so that they can do at-home daycare as well. We have also had the opportunity to take on a couple of housing projects that we desperately need.

But I would categorize housing for our people, because that is a specific question, I would say mediocre to poor for the most part,

particularly when you compare it to what the Department of Defense has. And I will qualify that by saying that we have been able to take advantage of, in numerous areas now, the authorities that the Department of Defense has for public-private ventures.

I was just out in the 14th Coast Guard district, Hawaii, recently to do some official visits out there. We transferred property. It used to be the Coast Guard Red Hill housing area. We transferred that property to the Army, and the Army took it over as the manager. The Army used its authorities, and it built brand-new houses. And I toured a couple of those.

Senator LANDRIEU. Aren't they amazing?

Admiral PAPP. I am proud to say our Coast Guard people live in those houses. I, myself, live in a public-private venture house. Now we sold the Commandant's home that we had for 40 years, and we went public-private venture with the Air Force over at Bolling. So I know the benefits of that process.

The challenge for the Coast Guard is we will never have enough money in our budget to be able to score against contracts. Plus, it is hard to get contractors to come in because we are so widely dispersed. They really need a large focused area. That is why we are using the Department of Defense, and I think that is the best route for us right now.

We are doing it in Puerto Rico. We are doing it in the Alameda area, San Francisco area and, as I said, out in Hawaii, and it is working very well for us.

To take care of that mediocre to poor housing, we have taken some of our money, and we have done a complete survey of all our housing across the Coast Guard. We will probably divest ourselves of some of that poor housing in order to take the limited resources that we have and improve the mediocre up to good.

And we are well into that project. We have created a project line at one of our civil engineering units that is focused solely on our Coast Guard housing, and we are moving out smartly to make sure that we do better for our people.

In Alaska, for instance in Juneau, we found that there were people waiting 6 months for housing up there in some cases. And we have now instituted Government leases, and we have relieved that challenge that we face. So it is a multivariable problem for us that we are confronted with because we are so widely dispersed and that we don't have the same authorities as the Department of Defense.

One of the other things that we are very proud of as well is we have taken our limited money, and some of our commanding officers out there have initiated self-help projects. Our people who live in the housing, with limited funding that we have to buy paint and materials, have done self-help projects and done significant repairs and improvements to the housing.

We had hoped to be able to take the proceeds from the sales of Coast Guard properties like the Commandant's house. We sold the Commandant's house for nearly \$2 million. And we thought that that was going to go in a revolving fund that we would be able to then take out and use for improvements to the housing that we already own.

What I have discovered is the way the law was written or the bill was written, it is a little challenging, and it gets scored against our other budget. So we have got that money in escrow right now, and we are investigating to see what we need to do to—

Senator LANDRIEU. I am going to help you fix that, and I am going to put language in my bill to make sure that when you sell surplus property, you get to keep the proceeds to invest back into your housing. And I don't know how much pushback I am going to get, but I am going to try to do it.

Senator Murkowski, go ahead.

SHORE-SIDE SUPPORT ASSETS

Senator MURKOWSKI. Thank you, Madam Chairman.

I appreciate that you brought up the quality of life issues and what we are doing for our families. And Admiral, please convey my personal thanks to your wife. Linda has taken a true leadership role and in doing I think a very considerable reach-out to the families and to look at issues that I think we recognize is the quality of life things that will keep our men and women within the Coast Guard. So it is very, very important.

And I would also be remiss if I did not acknowledge the very difficult situation that the men and women in Kodiak are facing currently. We had a double homicide on the Kodiak air base there that is as yet unresolved. And in a small island community like Kodiak, it is, I think, quite nerve-wracking for the families concerned about their security.

I know the Federal agencies are working hard and with the great help of the Coast Guard to try to resolve this. But when we talk about the health and safety, I think we are always concerned when there is something of this nature. So my thoughts and prayers go out to all those that are working so hard to resolve this.

I have spent most of my focus this morning on the issue of ice-breakers, but I think we recognize that we are also going to require some shore-side support facilities, both for surface and afloat assets. Contained within your budget here is support for the shore-side facility, \$6.1 million to recapitalize and expand the hangar facilities there in Cold Bay and also the refueling facilities there at Sitkinak. Very important.

But I think it is important for people to understand that when we are talking about servicing, using our helicopters going from Kodiak to respond up to Barrow, it would be the equivalent, if you will, of basing yourself in Miami and flying across to San Diego to respond. This is what we are talking about.

And so, not only are our helicopter assets limited, but where do you stop to fuel up? How do you get from point A to point B when the weather is difficult? So having these additional facilities, I think, is going to be key and will be part of what we have to move forward in the Arctic.

We have got community leaders, as you know, in spots along the Northwest that are all advocating for improved infrastructure, whether it is Nome or Kotzebue, Port Clarence, the other locations that are willing to help meet the needs of this changing Arctic, focus on the deepwater port, and the study that we are all awaiting.

And I guess the question to you this morning, Admiral, on that is what is the Coast Guard's involvement at this point in time in the planning for these locations? Are you working with the Corps of Engineers on this? Where are we with regards to the deepwater port, as well as some of the onshore infrastructure, the shore-side assets that we are talking about?

Admiral PAPP. Right. As far as the deepwater port project goes, certainly that is of interest to me because we are going to be increasingly sending our ships, our aircraft, our people up there, and we need a means of support for them as well. I will admit to you that I don't have the details of where we are as of today.

Admiral Ostebo and his folks up in Juneau and Anchorage have been monitoring and working with the Corps of Engineers and the State to look at recommendations and make determinations as to where we should go up there.

Senator MURKOWSKI. Who is the lead agency on that? Is it the Corps of Engineers? Is it Coast Guard? Do you know?

Admiral PAPP. My belief—it would be the Corps of Engineers—is inevitably, whatever you have to do, there is going to be structures that are placed in the water, perhaps some dredging that has to occur. And all of that is a challenge up there for any one of those ports.

Senator MURKOWSKI. And it may just be that I need to visit with Admiral Ostebo myself and just get a better understanding in terms of where we are. Because I have streams of folks coming in, wanting to know where we are, whether or not—wherever it is Nome, Kotzebue, Port Clarence, wherever, what the situation is on the ground. And I would like to have a little better understanding.

At a minimum, I think what I would like is to know what the requirements are for the deepwater port, the pier service location because it may be if we know what the requirements are ahead of time, you will have communities say, we can't meet that or we can meet that. So that they know whether or not there is more that they might be able to offer up. Are you aware of whether or not we have pinned any of that down yet?

Admiral PAPP. No, we haven't. And quite frankly, what I have been focused on is what are the infrastructure needs that the Coast Guard will need up there operating?

Senator MURKOWSKI. Right.

Admiral PAPP. We haven't projected any shore-side construction. I mean, at a minimum right now, there is a need for hangar space in Barrow.

Senator MURKOWSKI. Right.

Admiral PAPP. And we are not talking deepwater port when we talk that. But in terms of conducting Coast Guard operations, at some point in time, we are going to need a communications infrastructure across the North Slope. We are probably going to need expanded landing strip capability, tarmacs, a hangar, places to put people, all of which don't exist in Barrow right now, but that is the optimal spot for it.

The challenge I face is I have probably about, right now as we speak, a \$2 billion shore backlog of repairs and improvements needed for shore infrastructure, and we haven't even begun to consider what we might need on the North Slope up there. In this

year's budget, I think we try to get about \$200 million a year in the budget to try chipping away at that backlog.

Last year, we got close to \$200 million. We are down to about \$70 million because of tough tradeoffs we had to make in the budget this year. So, suffice it to say, we aren't making a lot of progress against that backlog, and it is very difficult to take on new projects for infrastructure as well.

That is why it is so important for this national security cutter. For the foreseeable future—I would say the next 5 years—we are going to be safe and secure up there during the months that Shell and the other companies are up there drilling, and the influx of people and ships that will bring. Because a national security cutter, quite frankly, is floating infrastructure.

It has a flight deck. It has worldwide communications, command, and control. It can sustain itself for 90 or more days with fuel, water, and supplies that it brings on. And it is like having a sector Anchorage and being able to uproot it and sail it up there off the North Slope. So it will serve us well for the next 5 years or so as we start putting together plans for what we need for infrastructure up there in the Arctic.

NUMBER OF FAST RESPONSE CUTTERS

Senator MURKOWSKI. Yes, the national security cutters are incredibly impressive. Let me ask one more question, if I may, Madam Chairman, and then I will submit additional questions for the record.

And this relates, too, to the fast response cutters. I guess the question would be what the ideal number is. It is my understanding that if we don't move forward with what I am assuming would be the ideal number out there, that the proposal currently, which is Ketchikan receiving two of the FRCs—and I understand also Hawaii would receive two additionally—that those are then not necessarily off the table, but for the foreseeable future we may not be seeing those assets coming north. Is that your understanding?

Admiral PAPP. I have high confidence that this project is going to continue through to completion. With this budget, we will be up to 20 of the fast response cutters of the 58 that we planned to build out in the program of record, and it has got great support. So I see us continuing.

Now given the funding levels in any particular year, yes, there could be some delays in how they are and when they are delivered. We are hopeful that we can keep up the schedule that we currently have.

Under the scenario that was given earlier, we put six back into 2012. And if we were to build four or more in 2013, that keeps us on track and moving along. It also gives us substantial savings as well. When you are building six per year down in Lockport, you are saving yourselves probably about, saving us and the taxpayers about \$30 million a year.

Senator MURKOWSKI. And keeping that production moving is good again for the efficiencies, but there is also a real concern that if we do reduce it—you are talking about minimum production levels. If we go below those minimums, I think there is real concern

about how we meet that ideal number, that number that I think you and I would agree is necessary to provide for the work that needs to be done.

Admiral PAPP. Yes, ma'am.

Senator MURKOWSKI. Thank you, Madam Chairman.

NATIONAL SECURITY CUTTER COST

Senator LANDRIEU. Thank you, Senator.

And I have just two brief questions. We are going to close out by 11:30 a.m.

Following up the long-lead time on the national security cutter, our subcommittee included \$77 million above the request for the Coast Guard to acquire long-lead time materials for national security cutter No. 6 in advance of production. We have talked about this, but I just want to be clear. How has this funding helped minimize the cost for the national security cutter?

And if no funding is provided for NSC No. 7, will there be a likely break in production? And for each delay, what are the projected cost increases for those cutters?

Admiral PAPP. Yes. First of all, we are deeply appreciative that we received that \$77 million last year. And in fact, just to show the efficiencies of having predictability and a funding stream and everything else, my recollection is we actually came in \$2 million below that for the long-lead materials because they were able to gain some efficiencies through their purchasing processes, and we executed that.

Having those materials on hand allows the ship to be constructed. Our estimate is between \$30 million to \$40 million in savings, and it gets us the ship delivered a year earlier. So if there is any break in subsequent funding for follow-on national security cutters, you can expect probably a cost increase, an every year delay of probably about 10 percent is what we estimate. And a commensurate delay in delivery.

Senator LANDRIEU. Okay. Let me just close out with some comments about the Panama Canal because I think this is something that is also, Senator Murkowski, just game-changing for our country. I have some information here that I want to submit to the record about these new Panamax cruise ships.

The length of the new Panamax cruise ship is 1,200 feet. The current lock, the length of the current, the old lock is 1,050 feet. So when the new locks are built, the new locks are going to 1,400 feet to accommodate a new length for these huge cruise ships of 1,200 feet.

So for people to understand, the cruise ships that are coming through, that want to come through the Panama Canal, physically cannot fit through the canal today, and that is why it is being expanded. In addition to the tremendous potential growth in cruise ships, which the Coast Guard is responsible—not the Navy—but the Coast Guard is responsible for the safety of the souls on these cruise ships, and there are more and more souls now that are going to be on the cruise ships in the event that something would happen.

You also, I think, have some obligation for any pollution or discharges that are illegal. And it is growing industry of which your

State, of course, benefits. So does my State. But these are the kinds of extraordinary changes that are taking place that I don't think our budgets, Senator, are preparing us to accommodate.

This is just one industry. This isn't the cargo. The large, large containers of cargo that are going to be unloading three times to four times the amount of the containers. So I know we have a real challenge before our budget, and I am not going to spend the next 5 years, 6 years, or 10 years, as long as I am here, nibbling around the margins. Not going to happen.

So we are going to have to find a way forward that accommodates the reality of industry and life and challenges in the United States, and we have a big job to do.

ADDITIONAL COMMITTEE QUESTIONS

So I thank you, Admiral, for your testimony. Please submit anything else about the Panama Canal for the record, about Alaska, about our lease opportunities, about new ways of doing things, because we obviously can't continue to put the pencil to this budget and wake up in 20 years and think we have done our job. Because our job will not have been done well.

[The following questions were not asked at the hearing, but were submitted to the Department for response subsequent to the hearing:]

QUESTIONS SUBMITTED BY SENATOR MARY L. LANDRIEU

SUPPORT FOR MILITARY FAMILIES

Question. Last year, First Lady Michelle Obama and Dr. Jill Biden launched efforts to strengthen support for military families and set four strategic priorities:

- Enhance the psychological health of the military family;
- Ensure excellence in military children's education and development;
- Develop career and educational opportunities for military spouses; and
- Improve the quality and availability of child care services.

In fiscal year 2012, we included \$9.3 million to help Coast Guard families offset the costs for child care. We also included \$20 million to address a shortage of military housing in areas where there is a lack of affordable accommodations.

Can you describe what the Coast Guard is doing to make additional improvements in these areas?

Answer. The Coast Guard is using the fiscal year 2012 appropriation of \$20 million to build 15 family units and complete initial site work for future phases of housing construction in Columbia River Astoria, Oregon and renovate one wing of unaccompanied personnel housing to meet current construction code and habitability standards in Cape Cod, Massachusetts. These two initiatives will enable the Coast Guard to address critical housing shortfalls affecting military family readiness and provide for the well-being of our junior enlisted personnel. Additionally, the Coast Guard leases residential housing for military families in locations that lack adequate affordable housing, and most recently entered into leases in Juneau, Alaska for single non-rated personnel assigned to afloat units and not entitled to basic allowance for housing. The Coast Guard continues to look for situations where we can partner with DOD and leverage their housing programs. In the past, we have successfully partnered with DOD and their housing areas, such as the joint Army-Coast Guard project at Red Hill, Hawaii, and the Navy-Coast Guard partnership at Belle Chase, Louisiana.

The Coast Guard is using the additional \$9.3 million to expand our Childcare Subsidy Program. The Coast Guard has adjusted income categories to align with DOD child care programs and increase the total family income cap, offsetting the cost of child care for additional Coast Guard families. In addition, the Coast Guard received funding for seven training and curriculum specialist (TAC) and five child development services specialist (CDSS) positions. Recruitment efforts for these positions are currently in progress. The seven TACs will be assigned to our Child Development Centers (CDC) to ensure the centers' continued accreditation by providing

consistent, enhanced curriculum for both CDC staff and the children attending the CDCs. The five CDSSs will allow the Coast Guard to sustain and expand our Family (In-Home) Child Care Program, increasing the availability and accessibility of child care for families in Coast Guard-owned and leased housing. The CDSSs will also assist both the CDCs and Coast Guard families in addressing child educational and developmental issues.

Question. Has the Coast Guard asked the authorization committees for authority to spend receipts deposited in the Coast Guard Housing Fund on military housing without the funds being subject to appropriation? If so, what is the status of that request? Does the Coast Guard have an estimate of potential receipts from the sale of surplus property?

Answer. The Coast Guard has not requested the authority to spend Coast Guard Housing Fund moneys without an appropriation.

The table below depicts the receipts and expected receipts from the sale of real properties.

REAL PROPERTY SALES RECEIPTS

Property	Sale status	Coast Guard sale proceeds	Date sold
Kennedy Drive, Chevy Chase, MD	Sold	\$1,700,000	Sep 2011
Snug Hill Lane, Potomac, MD	Sold	845,000	Aug 2011
Goldsboro, Bethesda, MD	Sold	1,400,000	Oct 2011
Clyde Hill, Seattle, WA	Sold	635,000	Feb 2012
Parcel 1, Maui, HI	Sold	¹ 270,000	May 2012
Parcel 2, Maui, HI	Sold	¹ 271,400	May 2012
Parcel 3, Maui, HI	Sold	¹ 278,000	May 2012
Parcel 4, Maui, HI	Sold	¹ 231,100	May 2012
Parcel 5, Maui, HI	Sold	¹ 274,000	May 2012
Parcel 6, Maui, HI	Sold	¹ 285,000	May 2012
Buxton Housing, Cape Hatteras, NC	Awarded ²	2,625,000	July 2012 (pending)
Total Receipts	8,814,500	

¹ Receipts from sale have not been transferred to the Coast Guard.

² Awarded indicates the selection of a buyer following the end of the auction period.

Question. Please evaluate existing laws for the Department of Defense which provide authority or guidelines for incremental funding of major assets and housing and provide to the subcommittee your assessment of the value of such authorities or guidelines were they to be applied to the Coast Guard.

Answer.

Housing.—The Coast Guard is unaware of any instance where Congress has granted permanent or project-specific authority to the Department of Defense that would allow for the use of appropriated funds, on an incremental basis, for the acquisition of real property, the improvement of undeveloped land, or the rehabilitation or redevelopment of existing improvements.

Major Assets.—Limitations on the use of funds through the Anti-Deficiency Act (31 U.S.C. section 1341, 31 U.S.C. section 1342 and 31 U.S.C. section 1517) serve as the foundation of the full-funding policy and preclude incremental funding.

ARCTIC OPERATIONS

Question. Currently, the Coast Guard has two heavy polar icebreakers, the *Polar Sea* and the *Polar Star*. The Coast Guard is planning to decommission the *Polar Sea* and the *Polar Star* is being refurbished and will be reactivated in 2013 for another 10 years of service. The budget request includes initial funding for a new icebreaker, but it will take 8–10 years to complete, assuming funding is provided.

Royal Dutch Shell hopes to begin exploratory drilling operations in U.S. Arctic waters this summer.

Following the Deepwater Horizon spill in 2010, over 47,000 personnel and 7,000 vessels were deployed in response.

Can you discuss the Coast Guard's offshore response capabilities in the Arctic region today?

Answer. A spill response by Coast Guard in the Arctic would primarily differ compared to a spill in non-Arctic regions because of the distance to remote spill locations, lack of pre-staged equipment, and lack of supporting shore-based infrastructure. Adverse weather conditions such as ice, low visibility, and prolonged darkness also reduces the effectiveness of a response effort. However, exploratory drilling in

the Arctic is at much shallower depths, with significantly lower well pressures and therefore smaller worst case discharge as compared to deepwater wells in the Gulf of Mexico.

Unlike smaller commercial entities operating in the Gulf of Mexico, drilling projects in the Arctic maritime are currently feasible only for highly capitalized companies such as Shell. Such companies are able and committed to bringing substantial resources to the region to fulfill their regulatory mandate to provide spill response equipment. Also, the Department of the Interior and the Coast Guard review prior to approval to move/activate drilling equipment into the drilling region the following items: whether the rig conforms with international safety and security standards; performance of safety equipment (i.e., the blowout preventer, emergency generators, lifesaving and firefighting equipment); and crew certifications. Cascading additional private resources into the region after an incident will be a challenge due to distances involved and a lack of supporting infrastructure in the Arctic. Cascading Coast Guard oil spill response resources into the Arctic would face similar logistical challenges.

In the event of a spill, the responsible party is accountable for controlling the release and mitigating any damage. As a regulatory agency and Federal first responder, the Coast Guard has worked closely with other Federal, State, tribal, and industry stakeholders to review contingency plans so that if an incident does occur, the Coast Guard can, with its partners, assist the responsible party to minimize adverse impacts to the environment, individuals, and commerce.

The Coast Guard has conducted extensive oil spill planning at the regional response team and local sub-area committee levels to address the challenges of responding to an incident in the Arctic region. The Alaska Federal/State Preparedness Plan for Response to Oil and Hazardous Substance Discharges/Releases is referred to as the Alaska Unified Plan. The North Slope and the Northwest Arctic Subarea Contingency Plans are 2 of 10 subarea plans that make up the Alaska Unified Plan. These plans represent a coordinated and cooperative planning effort between members of the Environmental Protection Agency, U.S. Coast Guard, Alaska Department of Environmental Conservation, U.S. Department of the Interior, and numerous other Federal, State, local, and native as well as industry participants. These plans include site-specific response strategies known as geographic response strategies that are tailored to protect sensitive areas threatened by an oil spill. The Alaska Unified Plan and its Sub-Area Contingency Plans contain extensive guidance on response procedures that have been developed for the challenges specific to Alaska and the Arctic including response to oil spills in or near ice conditions. The Coast Guard, the Alaska regional response team, in coordination with the private sector and local community, have actively updated these plans to address the challenges presented by offshore drilling within the last 6 months.

This summer, the Coast Guard is planning Operation Arctic Shield 2012 that will stage ships and aircraft in the vicinity of proposed Arctic drilling sites (Chukchi and Beaufort Seas). These assets will be prepared to respond to and provide command and control for search and rescue, law enforcement, and oil spill response incidents should they occur.

Operation Arctic Shield 2012 will be supported by a mixture of Coast Guard flight-deck equipped cutters, sea-going buoy tenders, fixed-wing aircraft and helicopters, and shore forces.

Question. If a spill of significance occurred in the Arctic, how long would it take to get response personnel and vessels in place?

Answer. Shell oil spill response vessels and crews, as well as other private sector resources will be pre-positioned near the proposed drilling sites available for response to potential oil spills while drilling activities are underway.

The Coast Guard will have ships and aircraft in the vicinity of proposed Arctic drilling sites (Chukchi and Beaufort Seas) that, in conjunction with our partners and industry, can respond to and provide command and control for an oil spill incident.

Additional response equipment is located throughout Alaska and the United States, and can be cascaded into the affected area in the event of a spill but will be a challenge due to vast distances and lack of supporting infrastructure. Any cleanup operation that occurs beyond that period into the Arctic winter months would present significant challenges; due to extremely harsh operating environment, including adverse weather, cold temperatures, ice, and periods of extended darkness.

Effective preparedness and response is dependent on the equipment, capabilities, and logistical infrastructure the private sector (vessel, facility, and offshore platform operators) has in place coupled with diligent Federal and State oversight and coop-

erative exercise to ensure that systems are in place and manageable during an event.

C-27J AIRCRAFT

Question. The U.S. Air Force has targeted over 280 aircraft for elimination over the next 5 years, including 21 new C-27Js that are essentially brand new planes that haven't been used. The Coast Guard has a significant need for similar type planes.

Could these aircraft be used for Coast Guard missions and are you looking at the possibility of acquiring them from the Air Force?

Answer. The Coast Guard has previously established that the C-27J meets the key performance parameters of a medium-range surveillance maritime patrol aircraft. However, in its current state, the aircraft would require maritime missionization to meet all Coast Guard requirements. The Coast Guard is conducting a holistic cost analysis to identify the feasibility and specifically what funding would be required to operate the aircraft as part of the Coast Guard fleet; the Coast Guard has communicated our potential intent to the Air Force.

Question. What are the potential budgetary savings if the Air Force were to transfer these C-27Js to the Coast Guard as compared to buying new aircraft?

Answer. Coast Guard's preliminary business case analysis estimates that the transfer of C-27J aircraft to the Coast Guard would result in an approximately \$900 million capital cost avoidance as compared to the Program of Record. The estimated savings considers only the cost of the acquisition of those airframes and does not include the net cost to missionize the asset, infrastructure costs, or cost to crew, operate, and maintain the C-27.

SEMI-SUBMERSIBLES "DRUG SUBS"

Question. As you know, there is a troubling trend of semi-submersible vessels being used by smugglers to transport cocaine to the United States. The Coast Guard recently intercepted its 31st semi-submersible in the Western Caribbean. Over the last 6 years the Coast Guard has intercepted 26 of these vessels in the eastern Pacific and five in Caribbean waters.

What is the most effective strategy to counter this threat and is the Coast Guard properly resourced to address it?

Answer. Transnational criminal organizations (TCO) use self-propelled semi-submersible (SPSS) vessels whenever they believe that these more costly vessels will have the best chance of successfully delivering drugs to their initial landside transit point. The Coast Guard employs specific tactics, techniques, and procedures for detecting and interdicting SPSS vessels at sea. The Coast Guard utilizes various surface and air assets for detection of SPSS vessels including maritime patrol aircraft (MPA), cutter-based helicopters, and boats and cutters. The Coast Guard also deploys law enforcement detachments onboard U.S. and Allied Naval vessels that deploy to the drug transit zones and operate under the control of the Coast Guard or joint task force. All of these assets possess both day/night optical detection equipment, including but not limited, to night vision, infrared cameras, and radars. As the Coast Guard recapitalizes its aging fleet, we are increasingly effective at implementing these tactics.

The Coast Guard and Joint Interagency Task Force South (JIATF-S) partner to conduct the detection and monitoring (JIATF-S led) and interdiction and apprehension (Coast Guard led) missions against counter-drug threats, including SPSS vessels. The Coast Guard, U.S. Navy, and certain Allied Partners deploy surface and air assets to JIATF-S, which best positions these assets to detect and interdict SPSS.

The best strategy is to deter TCOs from building and employing SPSS vessels. The Drug Trafficking Vessel Interdiction Act of 2008 (Public Law 110-407) criminalizing the operation of and embarkation in stateless submersible and semi-submersible vessels navigated outside the territorial seas of any country with intent to evade detection, provides a necessary legislative tool to counter this threat. Subjecting the crew of interdicted SPSS to prosecution in U.S. courts can lead to new intelligence for identifying SPSS points of origin and positioning assets for future interdictions.

PANAMA CANAL

Question. The Panama Canal is being widened to accommodate larger cargo vessels. This expansion is expected to be completed in 2015. Some U.S. ports are anticipating larger ships and increased ship traffic after the expansion project is completed.

What is the Coast Guard doing to respond to this development and are there any budget implications?

Answer. The Coast Guard's Port State Control program is not anticipating a significant increase in workload as a result of the arrival of larger vessels that may result from the widening of the Panama Canal. Larger vessels may reduce the number of calls in certain ports and increase in others. Workforce adjustments can be made as a result of workload changes, if necessary.

Coast Guard aids to navigation (ATON) may be affected if channels are required to be widened to accommodate larger ships. The U.S. Army Corps of Engineers would be responsible for providing notification to the Coast Guard for any congressionally approved channel improvement project that will affect Federal ATON; this notification will provide the Coast Guard with time to analyze the current ATON system and assess impacts. As these impacts are not yet known, there are currently no estimated budget implications.

UNMANNED MARITIME VEHICLES

Question. Do you support increased use of these alternative platforms that may provide the potential for cost savings and improved performance to the Coast Guard for diverse missions such as improved situational awareness, search and rescue, and oil spill detection and response?

Answer. The Coast Guard supports the employment of unmanned capabilities as a complement to manned assets. The Coast Guard is currently preparing to test a cutter-based unmanned aircraft system (UAS) onboard a national security cutter this summer. Unmanned aerial maritime vehicles are expected to provide increased surveillance and detection capability, and reduce the exposure of Coast Guard personnel to hazardous operating environments.

QUESTIONS SUBMITTED BY SENATOR THAD COCHRAN

Question. If you do not achieve your National Security Cutter Program of Record, how will this impact Coast Guard operations? Would you have to sacrifice execution of some missions as a result?

Answer. There has been no decision to change the current Program of Record. The major cutter acquisition programs (NSC and OPC) are currently under review to assess whether alternative mixes of these assets would achieve similar overall performance or better. The Coast Guard will continue to assign available resources to address the greatest risk areas.

Question. Is it feasible and cost-effective to keep the remaining high endurance cutters running?

Answer. Maintaining the remaining high endurance cutters (HECs) is necessary to continue front-line operations, but doing so long-term is not effective from a return on investment standpoint. Built between 1967 and 1972, the HECs are currently operating beyond their economic service life and experiencing decreased operational availability and increased maintenance costs. Now approaching 50 years of service life, the Coast Guard is continuing to spend considerable additional maintenance funds in order to keep these cutters operational; thus, the priority of the Coast Guard is recapitalizing the major cutter fleet.

Question. Your fiscal year 2013 budget request reflects plans to decommission two high endurance cutters, three patrol boats, and termination of the high tempo high maintenance patrol boat program. If this happens, will the Coast Guard face challenges with regard to meeting its statutory operational requirements? If so, how large and how long will the gap in operational capabilities be? What can be done to mitigate the effects of these potential gaps?

Answer. The Coast Guard is decommissioning legacy cutters as new and more capable assets become operational; five fast response cutters (FRC) and three national security cutters (NSC) are expected to be fully operational by the end of fiscal year 2013. Each FRC will provide 20 percent more capacity in terms of operational hours than the 110-foot patrol boats that they are replacing.

In fiscal year 2013 major cutter capacity will drop by 2,498 programmed hours as older in-service assets are decommissioned and newer, more capable cutters are brought on-line. Also patrol cutter capacity will drop by 13,750 programmed underway hours, primarily reflecting cessation of high tempo high maintenance operations.

The 110-foot Patrol Boat Mission Effectiveness Project, which will complete the final hull in summer 2012, has improved patrol boat reliability for remaining in-service hulls, until transition to the FRC fleet is completed. The Coast Guard will continue to assign available resources to address the greatest risk areas.

Question. Admiral, with your statement in February 2012 that national security cutter No. 1, *Bertholf* will deploy to the Arctic this year, does this mean that other national security cutters will continue to deploy there? If so, how will that impact other future missions and major cutter availabilities? What is the long-term strategy with respect to supporting the myriad of missions the Coast Guard capably performs given the current resource constraints that you face?

Answer. Similar to the legacy high endurance cutters that operate in the Arctic, the national security cutter will patrol and provide a response and command and control platform during the ice-free portion of the summer, with some enhanced operating capability. The Coast Guard will continue to utilize the most appropriate assets to balance risk across all mission areas.

The Coast Guard will continue to allocate resources in a manner that strikes the optimal balance between sustaining current operations and investment in future capabilities required to sustain the ability to execute missions and address the most pressing operational requirements.

The Coast Guard strategy includes the four following priorities:

- Responsibly rebuild the Coast Guard;
- Efficiently preserve front-line operations;
- Strengthen resource and operational stewardship; and
- Prepare for the future.

Responsibly rebuilding the Coast Guard requires a continued focus of resources on recapitalizing cutters, boats, aircraft, and command, control, communications, computers, intelligence, surveillance, and reconnaissance systems as quickly and cost-effectively as possible.

To preserve front-line operational capacity, the Coast Guard will prioritize investments for the operation of new assets delivered through acquisition programs.

Strengthening resources and operational stewardship is achieved through a doctrine, policy, operations, and mission support structure that focuses resources and forces where they are most needed.

To prepare for the future, the Coast Guard continuously assesses emerging maritime threats facing the Service and the Nation and feeds that information to the DHS Future Years Homeland Security planning process.

Question. Please describe the Coast Guard's current acquisitions strategy for unmanned aircraft systems. What specific challenges are you facing today with regard to testing and integrating possible vertical take-off UAS?

Answer. The Coast Guard's unmanned aircraft systems (UAS) strategy is to acquire existing cutter-based and mid-altitude land-based UASs while emphasizing commonality with existing Department of Homeland Security and Department of Defense programs that are technologically mature. To that end, the Coast Guard's UAS project is now in the pre-acquisition "need" phase.

The Coast Guard established a Joint Program Office with U.S. Customs and Border Protection (CBP) to jointly operate the CBP's Guardian UAS in maritime missions. The Coast Guard has eight pilots and four system sensor operators qualified in and flying Guardian missions.

The Coast Guard has also established a formal partnership with the Navy's vertical takeoff unmanned aerial vehicle (UAV) (Fire Scout) program office to collaborate on a cutter-based solution. Utilizing fiscal year 2012 Coast Guard research, development, test and evaluation funds, the Coast Guard intends to procure and install the ground control segment of a Fire Scout system aboard a national security cutter (NSC) to facilitate a future at-sea technical demonstration. Ultimate completion of the underway demonstration is contingent upon Navy Fire Scout air vehicle accessibility for Coast Guard use. Other challenges to address include coordinating Navy technical assistance for Fire Scout shipboard analysis, equipment maintenance and installation aboard an NSC, logistics support of the MQ-8B as the Navy begins production of the larger MQ-8C and Fire Scout reliability and overall system maturity.

The Coast Guard is also pursuing a non-major system acquisition of a small ScanEagle UAS for the NSC, as an interim, cost-effective UAS capability. To support this strategy, the Coast Guard plans to conduct technical demonstrations of the ScanEagle aboard an NSC during fiscal years 2012 and 2013.

QUESTIONS SUBMITTED BY SENATOR LISA MURKOWSKI

PORT CLARENCE LORAN STATION

Question. A memo to me from Coast Guard CEU Juneau dated February 7, 2012, states that the Coast Guard "is proposing to issue a Finding Of No Significant Im-

pact (FONSI)" following an environmental assessment of the divestiture of the LORAN-C station Port Clarence, Alaska. These actions would result in the relinquishment of the 1962 land withdrawal for Port Clarence and transfer the property back to BLM. Has the FONSI been issued yet?

Answer. The Loran Station Port Clarence final environmental assessment and finding of no significant impact has been approved and signed.

Question. How long do you expect that it will take for the approval of the Coast Guard's environmental assessment and the acceptance of the notice of release of property by BLM?

Answer. The Coast Guard plans to submit a notice of intent to relinquish letter to the Bureau of Land Management (BLM) in June 2012 stating that the Port Clarence Loran Station is no longer needed by the Coast Guard. BLM will decide whether to accept the land for return to the public domain or issue a public land order permanently withdrawing the land.

CONCLUSION OF HEARINGS

Senator LANDRIEU. Thank you, and we will reconvene in a couple of weeks on another subject.

Admiral PAPP. Thank you, ma'am.

Senator LANDRIEU. The subcommittee stands in recess, subject to the call of the Chair.

[Whereupon, at 11:27 a.m., Wednesday, May 9, the hearings were concluded, and the subcommittee was recessed, to reconvene subject to the call of the Chair.]

DEPARTMENT OF HOMELAND SECURITY APPROPRIATIONS FOR FISCAL YEAR 2013

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

NONDEPARTMENTAL WITNESSES

[The following testimonies were received by the Subcommittee on Homeland Security for inclusion in the record. The submitted materials relate to the fiscal year 2013 budget request for programs within the subcommittee's jurisdiction.]

PREPARED STATEMENT OF AIRPORTS COUNCIL INTERNATIONAL–NORTH AMERICA

Chairman Landrieu, Ranking Member Coats, and members of the subcommittee, thank you for the opportunity to provide the views of airport operators on the Department of Homeland Security's (DHS) travel programs. As the president of Airports Council International–North America (ACI–NA), I am submitting this testimony today on behalf of the local, regional, and State governing bodies that own and operate commercial service airports in the United States and Canada. ACI–NA member airports enplane more than 95 percent of the domestic and virtually all the international airline passenger and cargo traffic in North America. More than 350 aviation-related businesses are also members of ACI–NA.

Madam Chairman, we commend you for holding this important hearing. Each day, airports work to implement measures to streamline the process for our passengers. To this end, airports partner with the Transportation Security Administration (TSA), U.S. Customs and Border Protection (CBP), and airlines to develop and maintain a comprehensive, layered security system that efficiently processes passengers.

RISK-BASED SECURITY AND TRUSTED TRAVELER PROGRAMS

We must continue to shift from a rigid process of screening for bad things to a system that draws upon the vast amount of available data to focus the most invasive security processes on travelers who have not been previously vetted. A risk-based system is absolutely what is needed and TSA should be applauded for its initiative to implement several risk-based security initiatives involving pilots, passengers and cargo.

ACI–NA fully supports the TSA PreCheck (Pre✓™) Known Traveler program. From a practical perspective, this risk-based program harnesses available data—voluntarily provided by passengers—and intelligence information to serve as an indicator to guide the application of screening resources. The most invasive screening technologies and resources are applied to individuals about whom the least is known. It not only reduces traveler frustration by providing a certain level of predictability—while including an essential random security element—but also streamlines the process today and allows for the development of a sustainable system in the future.

ACI–NA also strongly supports the U.S. Customs and Border Protection's (CBP) successful risk-based international trusted traveler programs which allows prescreened, pre-approved air passengers to use dedicated lanes and kiosks: Global Entry at certain U.S. airports and Canadian preclearance airports and NEXUS, which is a joint program between CBP and the Canada Border Services Agency for U.S. and Canadian citizens and legal permanent residents entering Canada at Canadian preclearance airports. These risk-based international trusted traveler pro-

grams provide the dual benefit of enhancing both security and processing efficiency, since travelers do not have to spend time filling out paper declaration forms. In addition, participating travelers do not have to wait in line or visit CBP officers, thus allowing officers to focus on other, less well-known travelers. We encourage the subcommittee to support CBP in its effort to deploy kiosks to additional airport locations and to increase the number of enrollees in these programs, thus enhancing facilitation and security for all participating passengers. CBP should fast track its efforts to make the registration Web site (Global Online Enrollment System) more user-friendly, so that individuals are not discouraged from joining these valuable trusted traveler programs.

According to recent CBP testimony, Global Entry has reduced average wait times for enrollees by more than 70 percent. This program will be crucial in helping to leverage limited CBP staff resources at airports during peak travel times, when passenger demand increases significantly, often resulting in long wait times and missed flight connections. Efforts to promote the United States as a travel and tourism destination including improved visa processing is likely to further exacerbate the strain on limited CBP staffing. Expanding Global Entry to additional airports and airport terminals will make the program available to even more travelers and thus promote increased enrollment, benefiting all passengers, the aviation industry, and CBP. In order to further enhance security and streamline the process, CBP should place Global Entry kiosks at all Canadian preclearance airports. In addition, we encourage CBP to intensify its work with foreign governments to conclude and implement agreements whereby properly vetted foreign citizens can enroll in Global Entry and, where permissible, allow U.S. citizens to enroll in their trusted traveler programs.

In developing their Known Traveler program Pre✓™, TSA strategically partnered with CBP to allow members of existing international trusted traveler programs, Global Entry, SENTRI, and NEXUS, to participate. As TSA looks at expanding the population of eligible participants in Pre✓™, ACI-NA encourages TSA to utilize Global Entry as the primary enrollment platform. This has the potential to further enhance the security of Pre✓™ while also improving passenger facilitation through increased Global Entry participation. The ability for Global Entry members to participate in Pre✓™ has already resulted in an increase in Global Entry enrollments and provides the added benefit of reduced line waits for international passengers being cleared by CBP officers at U.S. and Canadian airports. The partnership between TSA and CBP will be essential in expanding current, and developing new, programs which utilize available data to better focus limited screening resources.

Going forward, ACI-NA recommends:

- Dedicated queuing lines for Pre✓™-eligible passengers;
- Allowing Global Entry, NEXUS, SENTRI members, and other known travelers flying on any participating airline to utilize Pre✓™; and
- Allowing Canadian citizens who are NEXUS card holders to participate in Pre✓™.

Although screening checkpoints and Federal Inspection Services (FIS) facilities may have to be reconfigured somewhat, these risk-based programs will help mitigate the need for ongoing facility modifications to accommodate the deployment of screening technology.

PLANNING FOR THE FUTURE

We need to begin planning for the future today, designing a sustainable aviation system capable of efficiently and effectively processing passengers and baggage. With limited resources, risk-based programs are essential, and we simply cannot continue the process of adding security layer after security layer and installing more screening technology at airports after each new threat. Technology will always be an essential element of the aviation security system but most airport security checkpoints do not have space to accommodate the deployment of additional technology, so its application needs to be informed by Known Traveler programs.

There are opportunities to further expand the level of data sharing between TSA and CBP. TSA screens checked baggage and could readily provide images to CBP so that arriving international passengers connecting to another domestic or international airport would not have to reclaim their checked baggage. Eliminating this requirement would free up TSA resources to focus on other areas.

CONCLUSION

Although there are aspects of the current aviation system that are effective, there are others which need to evolve to keep pace with the projected increase in the number of passengers and volume of cargo in the United States and abroad. The expansion of risk-based trusted traveler and known-shipper programs that leverage avail-

able data and focus limited screening resources on those travelers and cargo about which the least is known are essential in ensuring the long-term sustainability of the aviation system. Such programs allow the United States and other governments the ability to prioritize threats and make adjustments to the security posture based upon credible intelligence information, provide expedited processing for low-risk travelers while helping to ensure that limited resources are appropriately focused and allocated. A priority should be placed on deploying the technology necessary to support the enrollment of travelers and the expedited processing of previously vetted, low-risk passengers.

Through continued collaboration—both government to government and government to industry—to expand trusted traveler programs and other security initiatives, we can better achieve our mutual goals of enhancing safety, security, and processing efficiency while minimizing unnecessary operational impacts.

Thank you for the opportunity to submit this written testimony.

GREGORY PRINCIPATO,
President.

PREPARED STATEMENT OF THE AMERICAN PUBLIC TRANSPORTATION ASSOCIATION

INTRODUCTION

Madam Chairman and members of the subcommittee, thank you for this opportunity to submit written testimony on the fiscal year 2013 funding needs for public transportation security programs within the Department of Homeland Security. The American Public Transportation Association (APTA) urges Congress to significantly increase appropriations for transportation security programs. Past appropriations have not come close to the levels authorized under the Implementing Recommendations of the 9/11 Commission Act of 2007 (Public Law 110–53). In 2011, Americans took 10.4 billion trips on public transportation which was the second highest annual ridership since 1957. Only ridership in 2008, when gas rose to more than \$4 a gallon, surpassed last year’s rider totals. As transit ridership continues to grow, its security needs do also.

ABOUT APTA

The American Public Transportation Association (APTA) is a nonprofit, international association of nearly 1,500 public and private member organizations, including transit systems and commuter, intercity and high-speed rail operators; planning, design, construction, and finance firms; product and service providers; academic institutions; transit associations and State departments of transportation. APTA members serve the public interest by providing safe, efficient, and economical public transportation services and products. More than 90 percent of the people using public transportation in the United States and Canada are served by APTA member systems. Additionally, in accordance with the National Infrastructure Protection Plan, APTA has been tasked by Department of Homeland Security to administer the on-going activities of the Mass Transit Sector Coordinating Council.

GREATER INVESTMENTS IN TRANSIT SECURITY ARE REQUIRED

In 2010, an APTA survey of its transit agency members found security investment needs in excess of \$6.4 billion nationwide. These are funds that our agencies simply do not have, as overall funding constraints have led to service cuts, personnel layoffs, and fare increases. This stated need contrasts the recent trend in cuts to transit security grant programs. We are very concerned about the recent decline in transit security funding where, in fiscal year 2012, we see an allocation of \$87 million for transit security. This level is woefully short of the industry’s capital security needs. As recently as fiscal year 2009, Federal funding for transit security was set at nearly \$400 million. I urge Congress to acknowledge the risk that our citizens and transit systems continue to face, and restore appropriations for the Transit Security Grant Program (TSGP) in this and subsequent appropriation bills. Historically, Congress has permitted the Department of Homeland Security to allocate appropriated grant funding without specific directive. We recommend that this subcommittee, in its appropriating capacity, guide DHS regarding particular program funding allocations to ensure that public transportation security program needs adequately addressed. Our systems need the certainty of adequate funding to properly plan and implement large capital, surveillance, and other security projects to protect our systems. While there is no indication that our collective security concerns have

diminished and the backlog of needed projects continues to grow, Federal security grant funds have declined precipitously.

TRANSIT SECURITY NEEDS ARE REAL AND REQUIRE ATTENTION

As we and others have stated many times before, and as the members of this subcommittee well know, authoritative sources have acknowledged that the risk to public transportation systems is real, and it has not diminished:

- The GAO released a 2002 report stating “about one-third of terrorist attacks worldwide target transportation systems, and transit systems are the mode most commonly attacked.”
- In 2007, the GAO reported to Congress that “the characteristics of some passenger rail systems—high ridership, expensive infrastructure, economic importance, and location (e.g., large metropolitan areas or tourist destinations)—make them attractive targets for terrorists because of the potential for mass casualties and economic damage and disruption.”
- On February 29, 2008, the Office of Intelligence of the Transportation Security Administration (TSA) released a report concluding that public transportation in America remains vulnerable to terrorist attack. The report states: “The volume of previous attacks and recent plotting against mass transit systems overseas demonstrates continued strong terrorist interest in targeting this sector.” The report further states that: “Previous rail attacks in Madrid, London, and Mumbai could inspire terrorists to conduct similar attacks in the United States.”
- On September 30, 2009, the Honorable Michael E. Leiter, Director, National Counterterrorism Center (NCTC) testified in the Senate that “al-Qa’ida continues to pursue plans for Homeland attacks and is likely focusing on prominent political, economic, and infrastructure targets designed to produce mass casualties, visually dramatic destruction, significant economic aftershocks, and/or fear among the population. The group also likely remains interested in targeting mass transit systems, and other public venues, viewed as relatively soft targets as evidenced by past al-Qa’ida attacks in London.”
- The federally funded and chartered, independent Mineta Transportation Institute (MTI) has collected data on worldwide terror incidents and found more than 2,000 separate attacks on surface transportation—1,223 involving bombs and incendiaries—since 1970. These attacks caused 6,190 deaths and approximately 19,000 injuries.

This history calls for continued vigilance and continued investments in surface transportation security.

SECURITY GRANT PROGRAM STRUCTURE

In fiscal year 2012, program changes were made in the Transit Security Grant Program and additional, significant, changes are proposed in fiscal year 2013. APTA acknowledges that there are some sound goals and positive policy provisions represented by these changes, including:

- Peer Review.*—APTA and its members already have a system in place for conducting peer reviews—we look forward to working with the Federal Emergency Management Agency (FEMA) to develop such a program.
- Multi-year Grant Guidance.*—APTA supports the approach of a multi-year grant guidance—previously, the TSGP guidance changed nearly every year, and APTA believes this to be one of the reasons that have contributed to delays in grant performance and drawdown.

Notwithstanding these improvements to the current program, there are several other program changes that cause us concern and which we believe could thwart the progress many grantee agencies have made to improve the security of their systems in recent years.

Program Consolidation

The National Preparedness Grant Program (NPGP) proposes to consolidate all grant programs previously categorized as preparedness grants into one comprehensive grant program. This is a drastic change that eliminates the standalone TSGP—the exclusive pool of funding for our Nation’s public transportation systems. While this new program may be designed to meet the needs of the emergency management community and to more closely align with policy represented in the National Preparedness Goal, emergency preparedness and core capabilities are only subsets of the policy that the Transit Security Grant Program was intended to advance. As previously stated, transit systems and their assets remain high-risk terrorist targets, and investments in hardening and other capital security improvements specific

to transit agencies do not appropriately fall within this broader emergency preparedness policy. APTA calls on Congress to authorize and preserve a sufficiently funded, segregated grant program for public transportation security as envisioned in the 9/11 Commission Act. We applaud the work of this subcommittee, as it recommended a separate Public Transportation Security Assistance grant program within the Department of Homeland Security fiscal year 2012 appropriations subcommittee report; we hope that the subcommittee will recommend the same in fiscal year 2013.

Reduced Grant Performance Period

Of additional concern is the new 24-month period of grant performance for all projects proposed in the fiscal year 2012 TSGP Guidance, which is further contained in the proposal for the fiscal year 2013 NPGP. This is a reduction from the previous 3–5-year allowable expenditure period. APTA certainly appreciates the concerns regarding unexpended security grant dollars and is committed to working with transit agencies to carry out important security projects in a timely fashion. However, it is important to recognize that capital projects (security-related or otherwise) require multiple years to complete, and a reduction in the time allotted to expend funding would preclude many much needed capital infrastructure security projects from being pursued and instead compel most grant recipients to apply for equipment and operational grants. This is not in the best interest of fortifying our systems against attacks, as the majority of the security needs identified in the 2010 APTA member survey relate to capital projects. APTA recommends maintaining the 3-year expenditure window with the opportunity to receive 6-month extensions up to a maximum of 5 years.

Emphasis on Operational Projects and the Top Transit Asset List

Similarly, the fiscal year 2012 TSGP and fiscal year 2013 NPGP place a high emphasis on operational activities and operational packages (OPacks). Congress has previously set a clear priority for transit security capital investments when enacting the National Transit Systems Security Act of 2007 (title 14 of the 9/11 Commission Act). Additionally, the fiscal year 2012 grant guidance states that this year's funding priorities will be based on a pre-designated "top transit asset list" or TTAL. APTA has testified previously that security investment decisions should be risk-based, which is the underlying approach of the TTAL. However, across the entire transit industry, thousands of assets are not listed on the TTAL and, thus, would not be eligible to receive funding. While this narrower funding approach is based on tighter fiscal circumstances and the total Federal dollars available for security grants, it is also indicative of the inadequacy of current funding levels. The proposed approach will preclude important security improvements from receiving funding consideration. APTA recommends reauthorizing the public transportation security assistance provisions of the 9/11 Commission Act, and urges Congress to work to make adequate funding available for the program to meet national needs.

Inability To Directly Apply for Funding

Finally, under the proposal, while transit agencies would be eligible for security funding, they would be required to apply for funding through their State Administrative Agency (SAA), and compete in this process with other State security priorities. This is a shift from the current program, where transit agencies are authorized to be direct applicants for and direct recipients of grant funds. We believe that under this new proposal sufficient funding would not consistently get to transit agencies, and in many cases the involvement of the SAA has the potential to slow the already lengthy grant performance process. Congress has repeatedly endorsed the position that transit agencies should be direct Federal grant recipients, as they have been through the Federal Transit Administration, and we urge Congress to continue this policy.

CONCLUSION

Madam Chairman, I thank the subcommittee for this opportunity to share our views on these critical homeland security issues. There is no greater priority for public transportation systems than the safety and security of our passengers and workers. I urge you not to wait for the "wake-up" call of an attack on our systems to provide transit agencies the support they need. Transit systems across the country continue to stand ready, committed, and vigilant in utilizing available resources efficiently to protect our systems and our riders. We urge you to sustain the critical partnership between transit agencies, Congress, and the Department of Homeland Security that helps to keep our Nation safe and moving toward economic prosperity.

PREPARED STATEMENT OF AMERICAN RIVERS

On behalf of our members and supporters across the Nation, I write to express our concerns regarding the Federal Emergency Management Agency's (FEMA) proposed fiscal year 2013 budget. Specifically, we are concerned about the decreased funding levels for flood hazard mapping, the elimination of the Pre-Disaster Mitigation (PDM) program and funding for flood mitigation programs under the National Flood Insurance Program (NFIP).

American Rivers is the leading conservation organization standing up for healthy rivers so communities can thrive. Rivers provide multiple benefits to people and our economy but when floods happen they put communities at risk. As we have seen over the past few years, floods are becoming more frequent and more severe. In 2011 alone, there were 58 Federal flood disaster declarations in 33 different States. The combined flood damages from these events are estimated at over \$8 billion and caused 113 deaths—both figures exceed 30-year averages. We support several of FEMA's programs that help communities to mitigate flood damages before they occur.

FLOOD HAZARD MAPPING

The reduction in flood mapping funds from \$220 million in 2010 to \$89 million proposed in 2013 hinders the communication of flood hazard risk to Americans nationwide. Flood hazard mapping is critical to all sectors of society and across the Nation. These maps provide valuable information to local public officials who are working to keep the public safe and to the citizens themselves who want to protect their families and keep them out of harm's way. In fiscal year 2012, the flood hazard mapping program sustained a 34-percent cut. While we understand these are hard fiscal times, investing in flood hazard mapping is a sound and important use of taxpayers' money. At a minimum, we recommend maintaining the fiscal year 2012 level of \$97 million for fiscal year 2013.

PRE-DISASTER MITIGATION

The Pre-Disaster Mitigation program is the sister program to the Hazard Mitigation program as it provides funding to communities before a disaster hits. It is less expensive to prepare for a flood than it is to rebuild over and over. When communities and homeowners take steps to protect themselves and to reduce the impacts of flooding through mitigation practices such as elevating or flood-proofing their homes, moving out of harm's way, and investing in "natural defenses" they can save themselves and taxpayers money. Flood mitigation practices that reduce the loss of life and damages to properties provide \$5 in benefits for every \$1 invested.¹ We recommend funding the PDM to fiscal year 2012 levels of \$35.5 million in fiscal year 2013.

MITIGATION GRANTS OF THE NATIONAL FLOOD INSURANCE PROGRAM

We applaud the administration for the proposed investment of \$120 million in flood mitigation programs under the NFIP. The financial impacts of floods and natural disasters make it clear that our Nation cannot afford to continue subsidizing development in places that are unsafe and it must be more strategic in response and recovery efforts to incorporate long-term sustainability and resilience when allocating resources. We support the administration's proposed fiscal year 2013 funding of \$120 million for the flood mitigation programs of the NFIP.

We appreciate your leadership in safeguarding the American people from natural and unnatural hazards. As we continue to witness record breaking flooding, we are hopeful that the resources are in place to support public officials and communities alike in becoming more resilient to the next flood. We look forward to working with you to protect communities and the rivers they depend upon.

JAMES BRADLEY, SR.,
Director of Government Relations.

¹Rose, A. et al. 2007. Benefit-Cost Analysis of FEMA Hazard Mitigation Grants. *Natural Hazards Review* 8, 97.

PREPARED STATEMENT OF THE ARCTIC SLOPE REGIONAL CORPORATION

MAY 9, 2012.

Hon. MARY L. LANDRIEU,
Chairman, Subcommittee on the Department of Homeland Security,
Washington, DC.

Hon. DANIEL COATS,
Ranking Member, Subcommittee on the Department of Homeland Security,
Washington, DC.

Re: Comments From Arctic Slope Regional Corporation, Hearing on U.S. Coast Guard Fiscal Year 2012 (Fiscal Year 2013) Budget Request

Dear Chairman Landrieu and Ranking Member Coats: The Arctic Slope Regional Corporation (ASRC) is pleased to submit written comments for the record in connection with the May 9, 2012, hearing of the Committee on Appropriations subcommittee on Homeland Security on the important topic of the U.S. Coast Guard fiscal year 2013 budget request.

ASRC is an Inupiat-owned Alaska Native regional corporation, formed pursuant to the Alaska Native Claims Settlement Act, 43 U.S.C. section 1601, et seq. (ANCSA), that represents the interests of the Inupiat Eskimos of the Arctic Slope, with more than 11,000 shareholders. ASRC's congressionally mandated mission is to invest in its land base and business interests to provide for the well-being of our Inupiat Eskimo shareholders. ASRC owns approximately 5 million acres of land on the North Slope, including both surface and subsurface estate.

The Honorable Senator Murkowski submitted a letter to the subcommittee on February 15, 2012, requesting a hearing on the Coast Guard's fiscal year 2013 budget request, and we thank you for honoring that request.

The issue of ensuring that the Coast Guard has adequate resources and infrastructure in the Arctic region is critical, especially as there is increased interest in and use of resources in the region. We would like to highlight some issues of which we believe the subcommittee should be aware, from the perspective of an ANCSA corporation and our Alaska Native shareholders.

From our observations, "open water season" is getting longer each year as sea ice melts, offering new prospects for resource exploration and development, tourist vessel transit, and shipping routes (both point-to-point transit and international) that may reshape the global transport system. In addition, there are significantly more international and domestic scientific and research activities in the region, driven in part by the potential for exploration and development of Arctic natural resources.

This increased activity, which greatly impacts the North Slope region and our shareholders, also inevitably leads to more and longer periods of high activity, with the attendant concerns about the ability of the Coast Guard to ensure safety and security during these periods of high vessel activity. We also have concerns with respect to the potential impacts of high vessel activity on our seasonal subsistence activities and the ability of the Coast Guard to bring resources to bear when needed, and in a timely manner.

In order to carry out its missions, the Coast Guard must have sufficient operational resources, strategically placed to respond to activity in the Beaufort and Chukchi Seas, and along the North Slope of Alaska. Air and sea logistical assets, communications infrastructure, access to icebreakers and facilities for support vessels, as well as management and security resources all will be required along our northern coastline. It is also critical that the location(s) of infrastructure and support facilities are selected appropriately. We believe that it is more appropriate to look to site support and resources at various places across the coastline, dictated by the local/regional needs and purposes, than to try to identify a single point where all such resources would be located.

The polar regions that were previously the domain of vessel owners and operators are now being staked in a global race to energy resources. The fiscal year 2013 budget request helps the Coast Guard address its mission requirements, including its mission to safeguard the United States interests in the Arctic. It is imperative to the Arctic, the State of Alaska, and the United States to ensure that the Coast Guard has the financial resources and infrastructure to effectively carry out its mission. Supporting the Coast Guard in the Arctic must be a top priority because both United States and international development will take place in our own backyard. Our open coastline is at the frontlines of increased marine traffic and exploration and development activity.

The United States is an Arctic nation. Alaska's strategic location provides the United States with the opportunity to become the world leader with regard to Arctic management, as our waters and resources are being promoted on the global stage.

The United States must be poised to lead in that role. On the international stage, Arctic and non-Arctic nations alike are such as China, Norway, Japan, Russia, and Italy, in agreement with Russia, are positioning their countries for success with respect to Arctic resources and access to global markets. What the Arctic will be in 20 or 30 years is, and will continue to be, a critical issue for Alaska, the United States, and the world. Now is the time to begin planning for the long term, which necessarily includes ensuring a right-sized and strategically placed Coast Guard presence.

Thank you for your time and consideration of this very important matter.
Sincerely,

TARA M. SWEENEY,
Senior Vice President, External Affairs.

PREPARED STATEMENT OF THE ASSOCIATION OF STATE FLOODPLAIN MANAGERS, INC.

FEDERAL EMERGENCY MANAGEMENT AGENCY'S HAZARD MITIGATION AND RISK IDENTIFICATION PROGRAMS

The Association of State Floodplain Managers (ASFPM)¹ welcomes the opportunity to comment on the fiscal year 2013 budget request for the Federal Emergency Management Agency. Specifically, our testimony will focus on the proposed budgets for flood risk mapping (\$89.3 million), for Pre-Disaster Mitigation (PDM) (\$0), for mitigation programs of the National Flood Insurance Program (\$120 million) and for a new National Preparedness Grant Program (NPGP) (\$1.5 billion).

The fiscal year 2013 FEMA budget request is a mixed bag for hazard mitigation programs, including additional significant cuts to flood mapping, elimination of FEMA's only all hazards Pre-Disaster Mitigation program, but increases in grants for some flood mitigation programs. Overall, however, the budget reflects a continued downward trend in the focus on hazard mitigation programs.

Natural disasters in 2011 were record setting, with 14 events in the United States estimated to have caused over \$1 billion in damage. Four of those were flood events only and others involved significant flooding. This is the continuance of a trend of increased damages caused by flooding that has been occurring for over a decade. Flood damages have jumped from \$6 billion per year in the 1990s to nearly \$10 billion per year in the 2000s. Unfortunately the trend has been moving away from investment in hazard mitigation programs that assist communities to become more resilient following disasters.

Flood Hazard Mapping

Flood hazard mapping is the foundational piece of hazard mitigation. Not only does it provide data for hazard mitigation plans and projects but it also provides data for the general public to understand flood risks, and information for the implementation of local land use requirements and building codes. With the changing nature of flood risks and the significant backlog of needed mapping (Some areas of the country still have flood maps over 30 years old and some have never been mapped and/or lack engineering data.), the reduction in flood mapping funds from \$220 million in 2010 to \$89 million proposed in 2013 will only delay our identification and understanding of the risk faced by many Americans. Furthermore, there are demands by the public and Congress that flood mapping be made more accurate especially in areas protected by levees. FEMA's ambitious new flood mapping program, Risk MAP may now be significantly less effective should the mapping program support not be restored to prior levels of \$200 million or more.

While the Association of State Floodplain Managers acknowledges all budgets in the Federal Government will likely be reduced to some extent, the disproportionate reduction in flood mapping funds makes little sense for a hazard that is the most frequent and one of the most costly in the United States. Mapping should be funded at earlier levels because communities need these maps to know where their risks are so they can take action to mitigate their risks, and thereby reduce the national risk.

Elimination of Pre-Disaster Mitigation

Even more perplexing is the proposed elimination of the Pre-Disaster Mitigation (PDM) program. This program has resulted in numerous successes such as over 18,000 communities having developed and adopted hazard mitigation plans and all-

¹ASFPM and its 33 chapters represent over 14,000 State and local officials and other flood risk professionals—Web site: [http://www.floods.org].

hazard “sticks and bricks” mitigation projects being implemented that have permanently reduced future risk by getting existing, at-risk development out of harm’s way. It has allowed States who didn’t have frequent disasters to tap into hazard mitigation resources to reduce their risks too. PDM is the pre-disaster complement to the more well-known Hazard Mitigation Grant Program (HMGP) that is triggered only after a Federal disaster declaration.

Many States have relied on PDM to support development and maintenance of hazard mitigation plans, so ASFPM is very concerned about the effect of the elimination of PDM on hazard mitigation planning. Approximately 20 percent of PDM funds have been used to support the hazard mitigation plans required by the Disaster Mitigation Act of 2000. These plans are required for eligibility for post-disaster mitigation assistance and are key to effective expenditure of mitigation funds. Lack of support for mitigation planning is a major concern, especially when it is unclear where future funds will come from to support communities and States in updating mitigation plans.

PDM, which provides resources before an event happens as opposed to afterwards, is widely considered to be a successful program despite acknowledged problems with timely obligation of funds. ASFPM recommends that the administration could and should look to models which would delegate the program to States to ensure obligation of funds will happen much more quickly. Studies have shown that investments in FEMA’s hazard mitigation programs yield on average \$4 in benefits for every \$1 invested. For flood disasters, the ratio is \$5 in benefits for every \$1 invested. Also, these programs are cost shared with States and communities ensuring that they, too, are investing in their future resilience from hazards. ASFPM recommends retention of the program at least at the minimal fiscal year 2012 funding level of \$35.5 million.

Creation of new NPGP

ASFPM also cautions the administration to thoughtfully proceed with the creation of a large multi-purpose grant program which folds together 16 grant programs ranging in focus from terrorism preparedness to natural hazard mitigation. Inclusion of mitigation as an eligible activity is the rationale for elimination of PDM. However, the “vision” document for this program clearly shows priorities are focused on funding activities that are not mitigation, and under the proposed framework mitigation priorities will, in reality, be all but impossible to fund. Ultimately the National Preparedness Grant Program (NPGP) and National Preparedness Goal are aimed at readiness, not mitigation. While mitigation is a component of readiness (as it is a component of response and recovery) readiness is not a substitute for mitigation.

ASFPM recommends that implementation of a new NPGP be delayed to allow for consultation with stakeholder groups. As presently envisioned, the program is likely to result in neglect of key functions of mitigation and resilience.

Increase in Funding for Mitigation Grants of the National Flood Insurance Program

ASFPM is very pleased that the administration has proposed increasing its investment in flood mitigation programs under the NFIP—from a funding level of \$60 million in fiscal year 2012 to proposed fiscal year 2013 funding of \$120 million. These programs are largely, but not entirely, focused on properties which file repetitive flood loss claims. ASFPM notes that the budget assumes a streamlining of the Flood Mitigation Assistance Grants, the Severe Repetitive Loss program and the Repetitive Flood Claims program to achieve greater efficiencies. The greater commitment to elimination of repetitive loss properties from the National Flood Insurance Program is important to the NFIP’s financial integrity.

LARRY A. LARSON,
Executive Director.

PREPARED STATEMENT OF THE FLEET RESERVE ASSOCIATION

INTRODUCTION

Madame Chairman and distinguished members of the subcommittee, the Fleet Reserve Association (FRA) appreciates the opportunity to present its recommendations on the United States Coast Guard’s fiscal year 2013 budget.

Prior to addressing these issues, FRA wishes to thank the Congress for the generous pay, healthcare, and benefit enhancements enacted in recent years. Improved wounded warrior transition and support services are very important as are other benefit improvements which are essential to maintaining the all-volunteer force and military readiness.

Ensuring Coast Guard funding parity with Department of Defense (DOD) personnel programs remains a high priority for FRA, and the association notes continuing challenges within the Coast Guard to adequately fund previously authorized Active and Reserve people programs. FRA is also deeply concerned about the impact of “sequestration” (automatic cuts) mandated by the 2011 Budget Control Act on Coast Guard programs effective January 2013 unless Congress intervenes.

It’s also important to note that FRA believes that military service is unlike any other career or occupation, and requires servicemembers’ compensation commensurate with the demands of service plus a robust benefits package and retirement system. In addition, FRA fully concurs with Admiral Robert Papp’s State of the Coast Guard comment that, “The Coast Guard’s value to the Nation has never been greater.”

COAST GUARD AUTHORIZATION

FRA appreciates the enactment of the fiscal year 2011 Coast Guard Authorization Act (H.R. 3617) in the 111th Congress that addresses several important personnel-related issues. The association supports the Coast Guard Authorization Act (S. 1665), sponsored by Senator Mark Begich, Chairman of the Senate Oceans, Atmosphere, Fisheries and Coast Guard Subcommittee, that among its other provisions increases Coast Guard end strength to 49,350. This bill was approved by the Senate Commerce, Science and Transportation Committee and placed on the Senate legislative calendar.

FRA also supports the Coast Guard and Maritime Transportation Act (H.R. 2838) sponsored by Rep. Frank A. LoBiondo, Chairman of the Coast Guard and Maritime Transportation Subcommittee. That legislation extends the U.S. Coast Guard Authorization through fiscal year 2014 and authorizes \$8.6 billion for fiscal year 2013, and \$8.7 billion for fiscal year 2014. The bill passed the House last year and is awaiting action in the Senate Commerce, Science and Transportation Committee.

Provisions of the bill would establish greater parity with DOD for the Coast Guard and its personnel. During consideration of the bill, the House Transportation and Infrastructure Committee noted that Active, Reserve, and retired members of the Coast Guard and their dependents do not always receive the same benefits available to members of the other armed services. The legislation also mandates that the Commandant submit a report to Congress on servicemember housing. FRA strongly supports timely enactment of Coast Guard authorization legislation in each Congress and believes the legislation is fundamental to effective congressional budgeting and effective oversight of the service and its wide ranging and challenging missions.

HEALTHCARE

The FRA strongly supports adequate funding for the Coast Guard Health Care Fund (HCF) in order to meet readiness needs, fully fund TRICARE, and improve access for all beneficiaries regardless of age, status, or location. FRA opposes the administration’s proposed retiree TRICARE fee hikes commencing in 2013. Just last year, the National Defense Authorization Act (H.R. 1540) authorized a TRICARE Prime fee increase of 13 percent for military retirees and future adjustments are pegged to the Consumer Price Index (CPI) so as to not erode retired pay.

Healthcare benefits are important to every segment of FRA’s membership. The continued growth in healthcare costs is not just a military challenge but a challenge for the entire country. FRA believes that military service is a unique profession and notes minimal projected savings associated with DOD management efficiencies and other initiatives in fiscal year 2013 and beyond, while retirees are targeted for major fee hikes.

Our members are also very concerned about a proposed new TRICARE-for-Life (TFL) enrollment fee beginning in fiscal year 2013. This is viewed as another failure to honor commitments to those who served past careers in the military. These personnel pay Medicare part B premiums and many have not benefited from the significant pay and benefit enhancements enacted since 2000.

Due to the unique range of geographic locations to which they are assigned, Coast Guard personnel and their families often struggle to find medical providers who accept TRICARE beneficiaries. While implementation of TRICARE Prime Remote alleviated some of these problems, costs associated with the TRICARE Standard benefit, and low reimbursement rates can make finding a healthcare provider an especially daunting task in many areas. And, Coast Guard personnel who choose to receive care at DOD military treatment facilities (MTFs) may be required to travel long distances for care. FRA is committed to helping address these challenges in

order to improve healthcare access for all Coast Guard personnel, particularly those stationed in remote locations.

PAY INCREASE

It's appropriate that the Coast Guard and other Armed Forces are excluded from the multi-year pay freeze for Federal employees announced by President Obama on November 29, 2010. The association strongly supports the proposed 1.7 percent military pay increase for 2013, based on Employment Cost Index (ECI) data. Congress has in recent years improved military compensation that, in turn, enhanced the recruitment and retention of quality personnel in an all-volunteer environment, improved retention, morale, and readiness. More than 50 percent of the uniformed services community is married and adequate compensation helps relieve stress associated with demanding operational tempos.

FRA consistently supports pay increases that are at least equal to the ECI to keep pace with civilian pay. FRA urges the subcommittee to ensure adequate appropriations to fund the pay increase in the Coast Guard's budget, plus other benefit enhancements that may be authorized by the respective Armed Services Committees.

HOUSING

The Coast Guard currently owns 4,013 family homes, at an average age of 40+ years, with an extensive maintenance and recapitalization project backlog. These costs are compounding and funds are not available to keep pace with essential maintenance and replacement requirements. FRA supports authorization and funding of Coast Guard initiatives to address this situation and to improve family housing. DOD privatized approximately 85 percent of its homes using public-private venture (PPV) authorities, however, the Coast Guard is unable to leverage the same equity due to no authorization and inadequate resources to do so. The result is that over 12,000 Coast Guard members and their families are living in aged, sub-standard housing that are expensive to maintain and have recurring and costly maintenance issues.

The vast majority of Coast Guard personnel and their families use private housing and collect basic allowance for housing (BAH) usually based on different types of housing than the one in which they choose to live. (FRA supports reform of DOD housing standards that inequitably depress BAH rates for mid-to-senior enlisted members due to types of housing they choose to reside in compared to the type of housing associated with their pay grades which determines their BAH level.)

The Coast Guard is conducting an assessment of its housing needs that includes a housing market survey to determine availability of rental housing in lieu of Government-owned housing and FRA understands that this report on housing will be available at the end of May 2012, and that the Coast Guard has diverted \$8.8 million from other programs to be used for housing needs.

CHILD CARE

The availability and accessibility of affordable child care is a very important quality of life issue for Coast Guard personnel and their families. The Coast Guard operates nine child development centers (CDCs) that operate under the same standards as similar DOD facilities. In addition, a child care subsidy program allows members affordable access to private sector child care centers, and whenever possible access to DOD facilities.

High-cost child care can often be attributed to the fact that most of the duty locations preclude access to DOD and Coast Guard CDCs. The Coast Guard continues to explore ways to assist with child care costs for members in remote, high-cost areas and FRA supports these efforts. Authorization and appropriations to support access to child care plus updates and enhancements are equally important. The FRA agrees with Rep. Frank LoBiondo, Chairman of the House Coast Guard and Maritime Subcommittee, who does not believe there is Coast Guard parity with DOD in terms of child care and housing.

END STRENGTH

"For the third consecutive year the Coast Guard will screen hundreds of E-5 through E-9 personnel to reduce its enlisted force by 861 coastguardsmen by June 2012.¹" The involuntary retirement screening by a enlisted review board is focused on enlisted personnel with 20 or more years of service.

¹Navy Times, Feb., 13, 2012, p. 32, Coasties Face Retirement Screening, Sam Fellman.

The fiscal year 2013 Coast Guard budget request reduces Coast Guard end strength by 1,000. This includes the elimination of 222 positions from Coast Guard headquarters and reductions to the recruiting program. Reduced re-enlistment bonuses are also proposed.

The association also notes that the authorized Coast Guard Reserve end strength is 10,000, however only 8,100 Reserve personnel are funded and the level has remained unchanged for a number of years. FRA is concerned that budget-driven, vice mission related cuts create inadequate end strength that further stresses Coast Guard personnel and their families. Repeated deployments for Active Duty personnel and increased reliance on Reserve personnel are associated results. Although the fiscal year 2013 budget mandates an authorized end strength reduction, there is no corresponding reduction in Coast Guard operational demands. End strength must be adequate to meet operational commitments that limit lengths of deployments and allow sufficient dwell time between deployments. As Admiral Papp noted in his recent State of the Coast Guard address, "We will not allow our service to become a hollow operational force."

YELLOW RIBBON PROGRAM

The Coast Guard in 2011 established a Yellow Ribbon Program, in partnership with DOD, to enable more than 1,400 deploying coastguardsmen and their families to connect with resources before, during, and after deployment. Family support is critical to ensure there are no unnecessary family problems to distract from duties and demands of deployment, and adequate resources are essential to sustaining this important program.

CONCLUSION

Madame Chairman, the FRA appreciates the opportunity to submit its views for the record on pay, healthcare, and other programs important to Coast Guard personnel.

The association salutes you, the ranking member, and the other members of this distinguished subcommittee and your staff for effective oversight of our Nation's all-important fifth Armed Force, and for your untiring commitment to the men and women serving so proudly in our United States Coast Guard.

THE FRA

The Fleet Reserve Association (FRA) is the oldest and largest enlisted organization serving Active Duty, Reserves, retired, and veterans of the Navy, Marine Corps, and Coast Guard. It is congressionally chartered, recognized by the Department of Veterans Affairs (VA) as an accrediting Veteran Service Organization (VSO) for claim representation and entrusted to serve all veterans who seek its help. In 2007, FRA was selected for full membership on the National Veterans' Day Committee.

FRA was established in 1924 and its name is derived from the Navy's program for personnel transferring to the Fleet Reserve or Fleet Marine Corps Reserve after 20 or more years of Active Duty, but less than 30 years for retirement purposes.

FRA's mission is to act as the premier "watch dog" organization on Capitol Hill in maintaining and improving the quality of life for Sea Service personnel and their families. The association also sponsors a National Americanism Essay Program and other recognition and relief programs. In addition, the FRA Education Foundation oversees the association's scholarship program that presented awards totaling over \$120,000 to deserving students last year.

FRA sponsors the annual Coast Guard Enlisted Persons of the Year program and hosts the annual U.S. Coast Guard Caucus Breakfast on Capitol Hill each year to recognize Caucus members and increase awareness about the service's various missions and the work of Coast Guard personnel.

The association is also a founding member and active participant in The Military Coalition (TMC), a 34-member consortium of military and veteran's organizations.

CERTIFICATION OF NON-RECEIPT OF FEDERAL FUNDS

Pursuant to the requirements of House Rule XI, the Fleet Reserve Association has not received any Federal grant or contract during the current fiscal year or either of the 2 previous fiscal years.

MASTER CHIEF JOSEPH L. BARNES, USN (RET.),
National Executive Director.

PREPARED STATEMENT OF THE INSTITUTE OF MAKERS OF EXPLOSIVES

INTEREST OF THE IME

The Institute of Makers of Explosives (IME) is the safety and security association of the commercial explosives industry. Commercial explosives underpin the economy. They are essential to energy production, construction, demolition, and the manufacture of any metal/mineral product. Explosives are transported and used in every State. The ability to manufacture, transport, distribute, and use these products safely and securely is critical to this industry.

The Infrastructure Security Compliance Division (ISCD) is standing up two programs that affect our membership—the Chemical Facility Anti-Terrorism Standards (CFATS) program and the recently proposed Ammonium Nitrate Security program (ANSP). Some of our members are regulated under CFATS, and all will be regulated under the ANSP.

Ensuring the security of commercial explosives and precursor materials against unauthorized access and use has been a priority of IME members long before the events of 9/11. As proof of our success, less than 2 percent of destructive explosives devices used in bombings and attempted bombings in this country are filled with commercial explosives.¹

ISCD ISSUES

CFATS.—Those in our industry affected by this program and been working hard to meet deadlines for submissions of so-called “top-screens”, site vulnerability assessments, and site security plans (SSP). Our focus has been on identifying and ensuring that we have the means to meet the 18 specific risk-based performance standards (RBSP)² required for final SSP approval. While concerns were voiced about the lack of progress in fully implementing the CFATS program, we believed a major factor in the delay was the lack of permanent authorization for the program. We have been proactively working to achieve that end. In the meantime, we appreciate the efforts of the subcommittee to be both the appropriator and authorizer for this program.

In the midst of these efforts, it was revealed that the program suffers from a number of internal management issues.³ Nothing in the internal review suggests that the legislative framework establishing CFATS is flawed. Rather, it is DHS’ failure to provide adequate oversight and support that have resulted in program misdirection and implementation failures. Frankly, we applaud ISCD’s new leadership that identified these issues and developed a plan to address them. Clearly, DHS has overstepped the role and responsibility Congress gave it. The result of this unfocused, mission creep is wasted human and financial capital. ISCD was not supposed to have law-enforcement powers. ISCD was not supposed to support a culture of cronyism, disrespect, and failed leadership. ISCD was not supposed to be staffed with individuals without the skills necessary to run a regulatory compliance program. ISCD was not supposed to mandate the means to achieve compliance with its performance standards, as it is attempting to do with the stand-up of a costly, duplicative personnel surety initiative.

We understand that permanent CFATS authorization may have to wait the outcome of DHS’ ability to address the litany of pervasive internal management failures. During this period of re-evaluation, we cannot emphasize too strongly that this is not the time to entrust ISCD to implement a stand-alone personnel surety program. The CFATS personal surety program is identified in the November 2011 ISCD management memorandum as the agency’s third highest programmatic priority. ISCD has taken the unorthodox approach of attempting to institute this program through an information collection request (ICR), rather than full notice and comment rulemaking as has been the approach used to establish every other Federal vetting program. This request is pending at the Office of Management and Budget (OMB) and the Department of Homeland Security (DHS) has predicted that it will soon be released.

¹Bomb Center Data, the Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF), 2006.

²RBPS are particularly appropriate in a security context because they provide individual facilities the flexibility to address their unique security challenges. Using performance standards rather than prescriptive standards also helps to increase the overall security of the sector by varying the security practices used by different chemical facilities. Security measures that differ from facility to facility means that each presents a new and unique problem for an adversary to solve.

³Management memorandum to Under Secretary Rand Beers from Penny Anderson, Director, and David Wulf, Deputy Director, ISCD, November 11, 2011.

Under CFATS, RBPS 12 establishes a four-part background check for all facility personnel, and as appropriate, for unescorted visitors with access to restricted areas. The four-part background check standards are consistent with the other background check programs administered by DHS, including measures to verify identity, to check criminal history, to validate legal authorization to work, and to identify people with terrorist ties. The latter standard is met by a check against the terrorist screening database administered by the Federal Bureau of Investigation. ISCD's approach to personnel surety runs counter to direction from the White House, with industry support, that DHS consolidate and streamline duplicative vetting programs and eliminate redundant background checks.⁴ As proposed, ISCD refuses to reciprocally recognize other, more robust Federal vetting programs as sufficient to meet the background check requirements of CFATS, and ISCD does not allow regulated facilities the option to meet its personnel surety standards by exercising DHS' discretionary authority to open the Transportation Worker Identification Credential (TWIC) program to employees at CFATS facilities. ISCD's program will compel facilities to collect personal identifying information from a myriad of non-employees who are granted access to restricted areas—a liability many are unwilling to assume. It is expected that the site-by-site registration and access verification procedures will unnecessarily encumber facility access. Acknowledging these flaws, ISCD has said that it will “slowly rollout” the personal surety program with a promise to fix problems in the ramp up to full implementation after OMB gives clearance—basically turning initial implementation into a pilot program.

These personal surety program issues have been identified to the authorizing committees of the House and Senate. Correspondingly, this subcommittee should bar ISCD from using any funds to implement this program until the authorizing committees have addressed these concerns. Ideally, ISCD would withdraw its ICR proposal and enable chemical facilities to satisfy the personal surety requirements of RBPS 12 by accepting evidence that individuals seeking access to restricted areas are appropriately vetted by existing Federal background check programs that are at least equivalent to the CFATS standards. Additionally, individuals needing this access should be allowed to apply for and be vetted under these existing programs. These accommodations would save Federal and private sector resources without any diminution in security.

ANSP.—ISCD is also responsible for the ANSP. The November 2011 management memo includes sections relevant to this program. The ANSP program, even more than CFATS, directly affects IME members.⁵ As unbelievable as it may seem, ISCD has proposed to institute a separate, unique chain-of-custody vetting program for those handling AN.⁶ All of the criticisms that have been raised about the personal surety program under CFATS could be repeated here and more. The ANSP vetting proposal would require the registration and face-to-face on-line verification of anyone with possession of AN or transferring AN to another individual. This regulatory interpretation oversteps statutory authority authorizing the ANSP.⁷ This legislation restricts the registration and vetting requirements to those transferring ownership and possession. With this understanding, individuals engaged in the transportation of AN would not be covered, nor would individuals at facilities that do not have decisionmaking authority to direct the commerce of this product. The House Homeland Security Committee has reported legislation, H.R. 3116, that would exempt those engaged in the transportation of AN, as the security vetting of those individuals is handled by the Transportation Security Administration, and would limit vetting under the ANSP to those who individuals who both possess and transfer ownership of AN. As with CFATS, ISCD should allow individuals who possess and transfer ownership of AN to satisfy the vetting requirements of the ANSP

⁴This initiative has as its objective leveraging existing Federal security background checks to implement the principle of “enroll once, use many” to reuse the information on individuals needing multiple access privileges. Transportation Security Administration's Transportation and Threat and Credentialing office is working on this goal through its Infrastructure Modernization program.

⁵In the 1950s, the explosives industry migrated away from nitroglycerin-based to AN-based explosives for safety reasons. Today about 99 percent of explosives are AN-based. Currently, we estimate that the explosives industry uses over 2 million metric tons of TGAN (technical grade AN) annually, 70 percent of the total AN consumed in the United States. Almost all TGAN is stored, transported, and used in bulk. The smallest unit of sale in the United States is 1-ton “super sacks,” not man-portable bags. Eighty percent of the AN received by our members is delivered by railcar (5 percent by barge and 15 percent by truck). For safety reasons, we estimate that we deliver 85 percent or more of AN directly to the end user where it is converted into explosive material. Of the 15 percent of AN prill that is manufactured into an explosive prior to delivery to the end user, about 90 percent is manufactured as “ANFO.”

⁶76 FR 46908 (August 3, 2011).

⁷6 U.S.C. 488.

through other equivalent Federal security vetting programs, such as the vetting program administered by the Bureau of Alcohol, Tobacco, Firearms, and Explosives for those that possess commercial explosives. As we recommended for CFATS, no new authority should be granted ISCD until the agency gets its internal house in order.

We do agree with the Action Plan proposal to integrate into a single cadre ANSP and CFATS inspectors. Dual training inspectors to function interchangeably under both programs will optimize the use of these resources. We believe ISCD has the authority to do this administratively, though union issues may complicate the merger. Congress should monitor this situation.

CONCLUSION

The commercial explosives industry has a long history of attention to the safety and security of the products that we produce. We look for opportunities to partner with DHS and ISCD to address shared concerns. On the matter of personnel vetting in both the CFATS and ANSP programs, we regret that ISCD has not yet been responsive to our suggestions to leverage existing equivalent Federal programs to accomplish this task. The cost to American taxpayers, industry, and the Government to stand up redundant vetting programs has not been justified. Thank you for your attention to these concerns.

Respectfully submitted by,

CYNTHIA HILTON,
Executive Vice President.

PREPARED STATEMENT OF THE NATIONAL EMERGENCY MANAGEMENT ASSOCIATION

INTRODUCTION

Thank you for the opportunity to submit this statement for the record regarding the fiscal year 2012 budget for the Department of Homeland Security (DHS). As president of the National Emergency Management Association (NEMA) I represent the emergency management directors of all 50 States, territories, and the District of Columbia. Members of NEMA are responsible to the Governors for myriad responsibilities including emergency preparedness, homeland security, mitigation, response, and recovery activities for natural or terrorism-related disasters.

EMERGENCY MANAGEMENT PERFORMANCE GRANTS

The highest priority for NEMA within the President's request is funding for the Emergency Management Performance Grants (EMPG). EMPG assists State and local governments in managing a variety of disasters and hazards providing the only source of Federal assistance to State and local government for all-hazards emergency management capacity building. Grantees utilize EMPG funds for personnel, planning, training, exercises, warning systems, public outreach, and other essential functions in establishing effective preparedness, mitigation, response, and recovery. This program is of considerable economic value to the Federal Government as all Federal funds are matched 50-50 by State and local governments. Such a matching requirement increases accountability and supplements the impact of valuable Federal dollars.

This year, NEMA fully supports the President's requested funding level and House Appropriations Committee recommendation of \$350 million for EMPG. We appreciate the resource constrained environment, but when compared to other grant programs, the 50-50 match allows EMPG to stand alone as a worthwhile investment of Federal funds. In many ways, EMPG offers a cost-savings by allowing States to manage disasters which would otherwise need to be addressed by the Federal Government.

NEMA has taken the most significant step forward to date in attempting to measure the effectiveness of EMPG. For the past 2 years, NEMA has released "Emergency Management Performance Grants: Providing Returns on a Nation's Investment." The report measures the effectiveness of funding provided EMPG in fiscal year 2010. It also ties individual State and local efforts into the far larger picture of overall preparedness by demonstrating how a truly national emergency management system is developed and supported.

A copy of the report is available online at: [http://www.nemaweb.org/index.php?option=com_content&view=article&id=220&Itemid=402].

HOMELAND SECURITY GRANT PROGRAM

Since the inception of the State Homeland Security Grant Program (SHSGP), NEMA has maintained support of these grants as critical resources to help State and local governments build and sustain capabilities to address the various threats and hazards they face. The time has come, however, to consider a better way forward in light of continuing budget cuts to these important programs. During the fiscal year 2012 budget discussions of last summer, the NEMA leadership decided on a new approach to the full suite of grants within the Federal Emergency Management Agency (FEMA) and the Department of Homeland Security (DHS). NEMA subsequently developed the Proposal for a Comprehensive Preparedness Grants Structure which has been previously submitted to your subcommittee for review.

NEMA was pleased to see the administration also contribute to the dialogue of grant reform through the fiscal year 2013 budget proposal. While we were encouraged to see the administration's vision reflect many of our recommendations, NEMA strongly believes a continued dialogue with all stakeholders is necessary to ensure every voice is heard and every consideration given for the most effective approach to grants reform. We would suggest several aspects of the President's budget proposal require additional clarity and further analysis:

- The current planning process must be upgraded to reflect the maturation of our preparedness efforts in the past 10 years. A truly comprehensive system must allow for each State and locality to determine core capabilities, set priorities in a flexible manner, and measure performance and effectiveness regardless of available Federal funds.
 - Those cities traditionally categorized as “tier 1” in the Urban Area Security Initiative (UASI) program should be directly funded provided they also participate in the THIRA process and comprehensive planning process. Furthermore, a process by which other units of government such as transit and port authorities or self-organized regions of governments such as other current UASI participants can apply for funding should be outlined. Giving direct funding without any requirement to work with or support an overall State strategy, however, puts the State in an untenable position as it continues to reward geographic stovepipes and uncoordinated programs
 - The THIRA process must focus on State and local governments and include consequences of loss in the analysis and provide the analytical rigor for understanding and problem-solving for complex issues. The system must also include the full range of stakeholders including health, law enforcement, public works, fire, land use, transportation, and the private sector. This includes collaboration on planning, analysis, project development, application review, and development of core capabilities.
 - The administration's definition of “regionalization” in terms of application review requires additional clarification. Such peer review is best handled at the State level and should focus on setting priorities for projects. Any national review should be on the State priorities overall and not a micro review of individual projects. Also, coordination of development of specific national capabilities such as urban search and rescue teams is necessary. NEMA addresses this issue through the recommendation of a multi-disciplinary and multi-jurisdictional committee comprised of stakeholders across the State to review all grant applications.
- The review committee of Statewide stakeholders is critical to the development of a governance structure which ensures all partners and grantees to maintain a voice through a project-based grants process. The committee would also be responsible for enabling the range of threats and hazards to be considered across the full spectrum of State and local activities. Such a committee promotes fairness, reduces the politicization of grants, and allows a voice for every constituency.
- Priorities and select projects for local governments, ports, and other entities, or for those entities to work with each other within each State and among the States on the highest value projects cannot be dictated by Washington. The allocation systems of the past pitted city against city and port against port with very little consideration of the complex relationships of our economic system. The NEMA proposal recognizes and values these relationships. There must be a marketplace of ideas where value is determined by collaboration between applicants rather than cutthroat competition between them with winners and losers.
 - NEMA suggests only a small amount of the total grant funding be held by DHS for competitive pilot projects to spark innovation. Competition at the project level cannot be calculated by separate groups or reduced to subjective grading.

Up to 5 percent of the funding should be utilized to support innovative projects. The remainder of the funding from the investment grant can then be devoted to project-based applications by State and local grantees. This varies from the administration's recommendation which continues to address grant funding through stove-piped programs. By reducing layers of review that impede the flexibility of the funding, an efficient and effective flow of funding can be realized for State and local projects.

Overall, the overarching principles and values remain at the heart of any grant reform. Few seem to disagree with the tenets of supporting PPD-8; building a culture of collaboration; the ability to be agile and adaptive to confront changing hazards; building and sustaining capabilities; encouraging innovation; providing full visibility to all stakeholders; and recognizing the interdependencies of our national systems. The importance of these principles and values highlight a critical point in any retrospective on homeland security grants. Regardless of our country's fiscal situation, physical security and economic security are not mutually exclusive and can be achieved with a more streamlined grant structure. Working with you and our stakeholder partners, we remain confident a prudent approach forward can be found.

EMERGENCY MANAGEMENT ASSISTANCE COMPACT

We appreciate your continued support for the Emergency Management Assistance Compact (EMAC). NEMA continues to support a budget line item for EMAC for \$2 million so the program may continue providing critical mutual aid resources across the country.

In fiscal year 2013, specific funding for investment into EMAC is needed to continue to build capabilities. For example, 26 emergency management personnel responded to the September 11, 2001, terrorist attacks. Conversely, over 66,000 personnel from a variety of disciplines deployed through EMAC to the gulf coast in response to Hurricanes Katrina and Rita and 12,279 personnel to Texas and Louisiana during Hurricanes Gustav and Ike. The 2009 spring flooding in North Dakota and Minnesota resulted in States deploying equipment, sandbags, and 1,029 personnel to North Dakota. In all, 727 National Guard personnel and 302 civilians were sent to assist. Last year, over 600 personnel were deployed in response to the floods and tornados in Missouri, North Dakota, Nebraska, South Dakota, Mississippi, Alabama, and Tennessee.

EMERGENCY MANAGEMENT AND HOMELAND SECURITY TRAINING AND EDUCATION

Training and education opportunities stand as one of the most effective ways to ensure the continued professionalization of emergency management and homeland security personnel as well as to increase their abilities to best protect our Nation and communities. The two Federal Government programs representing the pedigree of these efforts are the Emergency Management Institute (EMI) and the Naval Postgraduate School's Center for Homeland Defense and Security (CHDS). Not only do these two institutions provide the "gold standards" within their respective professional education realms, they also provide leadership and share resources to support a collaborative effort among training and education efforts throughout the country.

EMI directly supports the professional core competencies of emergency managers at the Federal, State, local, tribal, public, and private sectors. The Institute trains more than 2 million students annually with residential on-site programs, off-site programs in partnership with State and local emergency managers, and computer based E-learning. EMI has recently partnered with NEMA and the International Association of Emergency Managers to develop the National Emergency Management Academy. The Academy consists of five courses and provides a structured and progressive approach to acquire skills, knowledge, and abilities to meet career challenges in emergency management.

CHDS programs include a fully accredited master's degree program; executive education seminars for Governors, locally elected officials, and their senior department leaders; an Executive Leaders Program; a Fusion Center Leaders Program; a peer reviewed online academic journal; a university and agency partnership effort; and the world's largest online homeland security library. These endeavors by CHDS significantly advance the strategic and critical thinking abilities of emergency management and homeland security personnel in their daily responsibilities, policy deliberations, and relationships with senior leadership within their jurisdictions.

NEMA supports the President's budget request of \$17.8 million for EMI and the inclusion of language in the fiscal year 2013 appropriations bill supporting the full funding of the Naval Postgraduate School's Center for Homeland Defense and Security (CHDS) by the Federal Emergency Management Agency (FEMA).

CONCLUSION

Again, I appreciate the opportunity to address these issues critical to the emergency management community. This subcommittee regularly affirms support for ensuring preparedness for our Nation's vulnerabilities against all-hazards. As you develop the fiscal year 2013 budget for the Department of Homeland Security, we encourage you to utilize our membership as a resource and continue efforts to build a strong and robust emergency management baseline in our country. Together, we will carry-on the initiatives so thoughtfully developed by this subcommittee over the years. I thank you for the opportunity to testify on behalf of NEMA and appreciate your continued partnership.

MR. JIM MULLEN,
President, NEMA.

Director, Washington Military Department Emergency Management Division.

PREPARED STATEMENT OF THE NATIONAL TREASURY EMPLOYEES UNION

Chairman Landrieu, Ranking Member Coats, distinguished members of the subcommittee; thank you for the opportunity to provide this testimony. As president of the National Treasury Employees Union (NTEU), I have the honor of leading a union that represents over 24,000 Customs and Border Protection (CBP) officers and trade enforcement specialists who are stationed at 331 land, sea, and air ports of entry (POEs) across the United States. CBP employees' mission is to protect the Nation's borders at the ports of entry from all threats while facilitating legitimate travel and trade. CBP trade compliance personnel enforce over 400 U.S. trade and tariff laws and regulations in order to ensure a fair and competitive trade environment pursuant to existing international agreements and treaties, as well as stemming the flow of illegal contraband such as child pornography, illegal arms, weapons of mass destruction, and laundered money. CBP is also a revenue collection agency, processing approximately \$2 trillion of imports—28 million trade entries a year—at the POEs and collecting more than \$32 billion in revenue for the U.S. Government in fiscal year 2010.

CBP STAFFING AT THE PORTS OF ENTRY

There is perhaps no greater roadblock to legitimate trade and travel efficiency than the lack of sufficient staff at the ports. Understaffed ports lead to long delays in our commercial lanes as cargo waits to enter U.S. commerce.

Those delays result in real losses to the U.S. economy. According to a draft report prepared by the Department of Commerce, border delays in 2008 cost the U.S. economy nearly 26,000 jobs and \$6 billion in output, \$1.4 billion in wages, and \$600 million in tax revenues annually. According to the same report, by 2017, average wait times could increase to nearly 100 minutes, costing the United States more than 54,000 jobs and \$12 billion in output, \$3 billion in wages, and \$1.2 billion in tax revenues. The cumulative loss in output due to border delays over the next 10 years is estimated to be \$86 billion.

More than 50 million Americans work for companies that engage in international trade, according to the U.S. Department of the Treasury. If Congress is serious about job creation, then Congress should support enhancing U.S. trade and travel by mitigating wait times at the ports and enhancing trade enforcement by increasing CBP security and commercial operations staffing at the air, sea, and land ports of entry.

In October 2009, the Southwest Border Task Force, created by Homeland Security Secretary Janet Napolitano, presented the results of its staffing and resources review in a draft report. This draft report recommended that the "Federal Government should hire more Customs [and Border Protection] officers." The report echoes the finding of the Border-Facilitation Working Group. (The U.S.-Mexico Border Facilitation Working Group was created during the bilateral meeting between President George W. Bush and President Felipe Calderon held in Merida in March 2007.) "In order to more optimally operate the various ports of entry, CBP needs to increase the number of CBP officers. According to its own estimate, the lack of human resources only for the San Ysidro POE is in the 'hundreds' and the CBP officer need at all ports of entry located along the border with Mexico is in the 'thousands.'" ("CBP: Challenges and Opportunities," a memo prepared by Armand Peschard-Sverdrup for Mexico's Ministry of the Economy: U.S.-Mexico Border Facilitation Working Group, January 2008, pages 1 and 2.)

Despite these independent studies that state that CBP is understaffed at ports of entry by thousands of officers, the fiscal year 2013 budget provides only enough

personnel funding to maintain the current number of CBP officer, CBP agriculture specialist, and CBP trade operations positions.

NTEU urges the subcommittee to increase funding to hire additional CBP officers and agriculture specialists to sufficiently staff existing booths and traffic lanes at the air, sea, and land ports of entry.

Also of concern to NTEU in the fiscal year 2013 budget request is the decrease of \$21 million in funding for inspectional overtime at the air, land, and sea ports of entry. CBP states that “this reduction will not impact operational staffing.”

Overtime is essential when staffing levels are insufficient to ensure that inspectional duties can be fulfilled, that officers have sufficient back-up and that wait times are mitigated. In CBP’s own words, “Overtime allows OFO to schedule its personnel to cover key shifts with a smaller total personnel number.” This is one reason that Congress authorized a dedicated funding source to pay for overtime—customs user fees, pursuant to title 19, section 58c (f) of the U.S. Code. CBP collects user fees to recover certain costs incurred for processing, among other things, air and sea passengers, and various private and commercial land, sea, air, and rail carriers and shipments.

The source of these user fees are commercial vessels, commercial vehicles, rail cars, private aircraft, private vessels, air passengers, sea passengers, cruise vessel passengers, dutiable mail, customs brokers, and barge/bulk carriers. These fees are deposited into the customs user fee account. User fees are designated by statute to pay for services provided to the user, such as inspectional overtime for passenger and commercial vehicle inspection during overtime shift hours. In addition, APHIS user fees and immigration user fees also fund “fee-related” inspection costs.

User fees have not been increased in years and some of these user fees cover only a portion of recoverable fee-related costs. For example, CBP collects the extraordinarily low fee of \$437 at arrival of a commercial vessel to a port to recover personnel and other costs to process and inspect the vessel’s crew and cargo. This fee, however, is capped at \$5,955 per calendar year; no matter how many times the commercial vessel enters a port that year. This fee was last raised from \$397 to \$437 in 2007, but the cap has remained at \$5,955 since 1986. In 2010, CBP collected a total of \$19.9 million in commercial vessel user fees, but the actual cost of commercial vessel inspections in fiscal year 2010 was \$33.6 million.

Another example of an extraordinarily low user fee is the fee paid by railcar owners of \$8.25 per car at arrival for processing and inspection, but the fee is capped at \$100 per railcar per calendar year. In 2010, CBP collected a total of \$8.6 million in rail car user fees, but the actual cost of rail car inspections in fiscal year 2010 was \$18.9 million. And commercial vehicles pay only \$5.50 per vehicle at arrival for processing and inspection, but the fee is capped at \$100 per vehicle per calendar year. In 2010, CBP collected a total of \$13.7 million in commercial vehicle user fees, but the actual cost of commercial vehicle inspections in fiscal year 2010 was over \$113.7 million.

According to Government Accountability Office (GAO), (GAO–12–464T, page 11), the air passenger immigration inspection user fee should be reviewed and adjusted to fully recover the cost of the air passenger immigration inspection activities conducted by U.S. Customs and Immigration (ICE) and CBP. GAO estimated that fee collections available to ICE and CBP to pay for costs incurred in providing inspection services totaled about \$600 million in fiscal year 2010, however, “air passenger immigration fees collections did not fully cover CBP’s costs in FY 2009 and FY 2010.” NTEU urges Congress to allow CBP to better align air passenger inspection fee revenue with the costs of providing immigration inspection services and adjust the fee as needed so that collections are aligned with total inspection costs.

Also, according to the GAO, (GAO–12–464T, page 7), CBP has a \$639.4 million unobligated balance in its customs user fee account. These unobligated balances have remained in CBP’s customs user fee account for more than 10 years. NTEU urges the subcommittee to clarify the purposes for which the nearly \$640 million in unobligated balances in the customs user fee account is available. NTEU supports legislative changes necessary to allow CBP to use this customs user fee unobligated balance to fully fund inspectional overtime in fiscal year 2013 and recover other costs incurred for processing and inspection of international travelers and trade.

TRADE ENFORCEMENT AND COMPLIANCE STAFFING

CBP has a dual mission of safeguarding our Nation’s borders and ports as well as regulating and facilitating international trade. CBP personnel are responsible for collecting import duties and fees, and enforcing U.S. trade laws. In fiscal year 2010, CBP collected \$32 billion in revenue. Since CBP was established in March 2003, however, there has been no increase in CBP trade enforcement and compliance per-

sonnel and again, the fiscal year 2012 budget proposes no increase in FTEs for CBP trade operations personnel.

In effect, there has been a CBP trade staffing freeze at March 2003 levels and, as a result, CBP's revenue function has suffered. Recently, in response to an import specialists staffing shortage, CBP has implemented at certain ports a tariff sharing scheme resulting in certain ports being assigned only parts of the harmonized tariff schedule. This is a short-sighted solution that shortchanges taxpayers, trade compliant importers, and the Federal treasury.

Also, the fiscal year 2013 budget requests \$10 million for intellectual property rights (IPR) enforcement enhancement. The administration's request, however, includes no increase in CBP trade operations staff at the ports to implement this trade enforcement program.

Lastly, the fiscal year 2013 budget request proposes to cut 21 trade operations positions including 14 rulings and regulations staffers who are responsible for promulgating regulations and rulings, and providing policy and technical support to CBP, DHS, Treasury, Congress, and the importing community concerning the application of customs laws and regulations.

NTEU urges the subcommittee not to cut CBP trade operations staff, but rather to increase funding to hire additional trade enforcement and compliance personnel, including import specialists, at the POEs to enhance trade revenue collection.

CBP CAREER LADDER PAY INCREASE

NTEU commends the Department for increasing the journeyman pay for CBP officers and agriculture specialists. Many deserving CBP trade and security positions, however, were left out of this pay increase, which has significantly damaged morale.

NTEU strongly supports extending this same career ladder increase to additional CBP positions, including CBP trade operations specialists and CBP seized property specialists. The journeyman pay level for the CBP technicians who perform important commercial trade and administration duties should also be increased from GS-7 to GS-9.

RATIO OF CBP SUPERVISORS TO FRONTLINE CBP OFFICERS

CBP is continuing to increase the number of supervisors when a much greater need exists for new front-line hires. In terms of real numbers, since CBP was created, the number of new managers has increased at a much higher rate than the number of new front-line CBP hires. According to GAO, between October 2003 and February 2006, CBP increased the number of managers by 17 percent, but increased the number of front-line CBP officers by only 2 percent (See GAO-06-751R, page 11).

The tremendous increase in CBP managers and supervisors has come at the expense of national security preparedness and front-line positions. Also, these highly paid management positions are straining the CBP budget.

RECOMMENDATIONS

Sufficient CBP staffing must be provided to ensure security and mitigate prolonged wait times for both trade and travel at our Nation's ports of entry. Therefore, NTEU urges the subcommittee to include in its fiscal year 2013 DHS appropriations bill:

- funding to significantly increase both port security and trade enforcement staffing at the ports of entry; and
- funding to extend enhanced pay and retirement recognition to additional CBP personnel, including import and other commercial operations specialists, CBP seized property specialists, and CBP technicians.

The more than 24,000 CBP employees represented by NTEU are proud of their part in keeping our country free from terrorism, our neighborhoods safe from drugs, and our economy safe from illegal trade, while ensuring that legal trade and travelers move expeditiously through our air, sea, and land ports. These men and women are deserving of more resources to perform their jobs better and more efficiently.

Thank you for the opportunity to submit this testimony to the subcommittee on their behalf.

COLLEEN M. KELLEY,
National President.

PREPARED STATEMENT OF THE U.S. COUNCIL OF THE INTERNATIONAL ASSOCIATION OF
EMERGENCY MANAGERS

Chairman Landrieu, Ranking Member Coats, and distinguished members of the subcommittee, I am Hui-Shan Walker, the emergency management coordinator for Hampton, Virginia. I have been a local government emergency manager for 12 years and before that worked for 5 years in the Red Cross' Disaster Services. I serve currently as the president of the U.S. Council of the International Association of Emergency Managers (IAEM-USA)¹; and I am providing, on its behalf, this statement on critical budget and policy issues for the Federal Emergency Management Agency (FEMA).

Regarding FEMA's fiscal year 2013 budget, IAEM-USA supports funding the Emergency Management Performance Grant at \$350 million and the Emergency Management Institute at \$18,305,000. IAEM-USA opposes the termination of the Pre-Disaster Mitigation Program. We urge rejection of the National Preparedness Grant Program proposal until adequate details are available and key local stakeholders have had input. We deeply appreciate the support this subcommittee has provided to the emergency management community over the past few years, particularly your support for the Emergency Management Performance Grant Program (EMPG).

EMERGENCY MANAGEMENT PERFORMANCE GRANTS (EMPG)

IAEM-USA respectfully urges that the subcommittee approve the President's request of \$350 million for EMPG, but continue to reject combining it with other accounts. EMPG is fundamentally different than the post-September 11, 2001, homeland security grants because of its 50 percent Federal and 50 percent State and local matching requirements and established performance measures. It also predates the homeland security grants by over 50 years. We further request that language be included continuing to make it clear the funding is all hazards and can be used for personnel. The program was authorized at \$950 million for fiscal year 2012 in Public Law 110-53.

EMPG, called "the backbone of the Nation's emergency management system" in an appropriations conference report, constitutes the only source of direct Federal funding for State and local governments to provide basic emergency coordination and planning capabilities for all hazards including those related to homeland security. The program is authorized by Public Law 110-53 for the Administrator of FEMA "to make grants to States to assist State, local, and tribal governments in preparing for all hazards, as authorized by the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5121 et seq.)." The legislation creating EMPG is purposefully broad to allow State, local, and tribal jurisdictions to focus their attention on customizing their capabilities. Therefore, it is important that FEMA guidance not be written to make "one size fits all" but instead to allow each local jurisdiction maximum flexibility in meeting the specific capability requirements. The program supports State and local initiatives for planning, training, exercise, mitigation, public education, as well as response and recovery coordination during actual events. EMPG succeeds in achieving its goal. As the 2011 IAEM-USA survey report, "Emergency Management Performance Grant Funds: Return on Investment at the Local Level," demonstrated, EMPG funds contribute to bring about coordination, integration, and collaboration within local level jurisdictions across the country. The report on our fifth annual IAEM-USA survey of EMPG is available at: [<http://www.iaem.com/documents/IAEM.EMPG.ROI.Survey.Report3.5.12.pdf>]. Since all disasters start and end at the local level, it is vital that capacity continue to be built at this level.

Funding from EMPG has always been important to local government emergency management offices and is even more vital during the current economic downturn. The programs of most of our local emergency managers have faced, or will be facing, budget reductions resulting in reduced staffing, reduced training, reduced public outreach, and reduced support to volunteers. Some elected officials are considering reducing their commitment from a full-time emergency manager to a part-time emergency manager. Some jurisdictions are terminating the emergency management position altogether and simply adding the responsibilities associated with

¹ IAEM-USA is our Nation's largest association of emergency management professionals, with 5,000 members including emergency managers at the State and local government levels, tribal nations, the military, colleges and universities, private business, and the nonprofit sector. Most of our members are U.S. city and county emergency managers who perform the crucial function of coordinating and integrating the efforts at the local level to prepare for, mitigate the effects of, respond to, and recover from all types of disasters including terrorist attacks.

emergency management functions to pre-existing personnel in other departments. This has the effect of actually reducing emergency management services—and potentially preparedness—in many areas of the country at a time when disasters and emergencies threaten more people and property than ever before. EMPG funding frequently makes a difference as to whether or not a qualified person is present to perform these duties in local jurisdictions. It should be noted that many local emergency management programs have historically provided significantly more than the 50 percent match that is required for their EMPG allocations.

EMERGENCY MANAGEMENT INSTITUTE

We respectfully urge the subcommittee to increase the funding for the Emergency Management Institute (EMI) located at Emmitsburg, Maryland, by \$500,000 to \$18,305,000. The additional funds will support continued development and delivery of the National Emergency Management Academy foundation classes and support the development of training at the specialty and executive management levels, to include the enhancement of the field (G) and on-campus (E) courses. These programs support both the introductory training and continued professional development of Federal, State, local, and tribal emergency managers across the Nation. IAEM–USA urges you to again specifically designate funding for EMI in your subcommittee report and to require FEMA to include a specific request in the budget documents.

EMI provides vitally needed training to State, local, and tribal government emergency managers through on-campus classes, a curriculum developed for field deployment and distance learning. This “crown jewel” of emergency management training and doctrine has made progress over the past 2 years with the funding support of Congress in the update and development of critically needed programs. Sustained funding for the continuance of existing programs and funds to complete the much needed executive management series of courses are vital to supporting local and tribal emergency management programs. For 2011–2012 EMI had more than 5.5 million active students; 39,559 classroom course completions, and 2,275,174 independent study program outline course completions.

PRE-DISASTER MITIGATION

We urge the subcommittee to reject the proposal to terminate the Pre-Disaster Mitigation Program and provide a minimum of \$35,500,000 as appropriated in fiscal year 2012. A congressionally mandated independent study by the Multi-Hazard Mitigation Council, a council of the National Institute of Building Sciences, showed that on the average, \$1 spent by FEMA on hazard mitigation (actions to reduce disaster losses) provides the Nation about \$4 in future benefits.

NATIONAL PREPAREDNESS GRANT PROGRAM

The proposed National Preparedness Grant Program (NPGP) would consolidate 16 homeland security grant programs into a State-centric block and competitive grant program. The proposal raises concerns and questions for those at the local level. For example, the proposal ignores requirements of the 9/11 Act for 80 percent of the State Homeland Security Grant program to support local governments, the place where all disasters begin and end. In addition, the proposed use of a threat and hazard identification and risk assessment (THIRA) does not describe how local government officials, local emergency managers, and first responders will participate effectively and efficiently in the THIRA process.

In response to the proposed NPGP, 12 national organizations of locals including elected officials, first responders, and emergency managers sent a letter outlining a set of core principles to guide grant program reform—principles which we would urge you to consider as you evaluate reform proposals. This letter is available at the following site: [<http://www.iaem.com/Committees/GovernmentAffairs/GovtAffairs.htm#CoalitionLetter21Mar2012>]. The principles are as follows:

- Increased Transparency.*—It must be clear and understandable to the Federal Government and the public how the States are distributing funds, why they are making these decisions, and where the funds are going.
- Greater Local Involvement.*—Local government officials, including emergency managers and emergency response officials, know best the threats and vulnerabilities in their areas. The THIRA process must include the input of local elected and emergency response officials, and FEMA must be able to audit States by comparing local risk assessments to the State level THIRA. Further, local governments should have the opportunity to challenge a State THIRA that inadequately reflects their needs or input.

- Flexibility With Accountability.*—Any changes to the existing Federal grant programs should allow Federal funding to meet individual local needs, and preparedness gaps as identified at the local level. Effective but sometimes less politically popular programs, like mitigation, must still receive funding.
- Protect Local Funding.*—Since event impact and response are primarily local in nature, grant funding should support primarily local prevention and preparedness efforts, as is the case under the current program structure. It is important that the vast majority of Federal homeland security grants continue to fund local prevention and response activities, including local emergency managers and first responders, and activities that support their preparedness efforts.
- Sustain Terrorism Prevention.*—The current emphasis on supporting law enforcement’s terrorism prevention activities must be maintained. The Federal grant funds should not be used to support larger State bureaucracies at the expense of operational counter terrorism preparedness, threat analysis, and information-sharing activities.
- Incentives for Innate Regionalization.*—FEMA’s proposal focuses on States and multi-State regions (similar to the FEMA regions). The homeland security grants must also support preparedness in metropolitan intra-State and inter-State regions.

THE PATH FORWARD ON THE NPGP

The details matter and there are still too many unanswered questions on how the NPGP would actually work. We recommend that the dialogue continue with DHS/FEMA, the Congress and all relevant State and local stakeholders. On April 24, a letter was sent by 12 national organizations of locals to Secretary Napolitano and Administrator Fugate suggesting that the Department not rush to make major changes this year but let the changes being implemented in the fiscal year 2012 budget play out and be evaluated. This would give time for the Department to work with key local and State stakeholders and the Congress in a collaborative way to develop reforms which incorporate the successful elements of the homeland security programs and identify changes which need to be made.

CONCLUSION

In conclusion, we urge the subcommittee to continue to build State and local emergency management capacity by funding EMPG at \$350 million and to retain it as a separate account. We urge funding for the Emergency Management Institute be increased by \$500,000 to \$18,305,000 and the amount be specifically mentioned in the subcommittee report. We urge that the Pre-Disaster Mitigation program not be terminated. We urge rejection of the NPGP proposal until more details are available and more collaboration with key stakeholders has occurred.

HUI-SHAN WALKER, CEM®,
President.

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