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THE HOMELAND SECURITY DEPARTMENT'S BUDGET SUBMISSION FOR FISCAL YEAR 2013

HEARING

BEFORE THE

COMMITTEE ON HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS UNITED STATES SENATE

ONE HUNDRED TWELFTH CONGRESS

SECOND SESSION

MARCH 21, 2012

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THE HOMELAND SECURITY DEPARTMENT'S BUDGET SUBMISSION FOR FISCAL YEAR 2013

WEDNESDAY, MARCH 21, 2012

U.S. SENATE,
COMMITTEE ON HOMELAND SECURITY
AND GOVERNMENTAL AFFAIRS,
Washington, DC.

The Committee met, pursuant to notice, at 2:38 p.m., in room SD–342, Dirksen Senate Office Building, Hon. Joseph I. Lieberman, Chairman of the Committee, presiding.

Present: Senators Lieberman, Akaka, Carper, Pryor, Collins, Coburn, Brown, McCain, Johnson, and Moran.

OPENING STATEMENT OF CHAIRMAN LIEBERMAN

Chairman LIEBERMAN. The hearing will come to order. Good afternoon and thanks, Madam Secretary, for being here, and thanks to everyone else who is here. In the face of record deficits and a national debt now heading toward $16 trillion, it is obviously imperative that the Federal Government get its spending under control.

Budgets have to carefully balance our Nation's needs with what we can afford. Even something as important as securing our homeland from terrorists and cyber criminals, or being prepared for natural disasters like the devastating tornadoes that recently swept through the South and Midwest, requires a cold-eyed look at our national ledger.

With this combination of realities in mind, I want to commend President Obama and Secretary Napolitano for presenting us with what I believe is a responsible budget request in these times. It holds spending at essentially last year's budget level. Adjusted for inflation, this budget for fiscal year 2013 is lower than it was for the Department of Homeland Security (DHS) in fiscal year 2009.

But the budget also increases investments in some key areas where I believe we need to strengthen our ability to meet emerging threats. In other words, it makes some priority judgments, tough judgments. It pays for these increases by finding efficiencies and administrative savings throughout the Department.

Most notable to me is the significant increase of $325.8 million in cybersecurity funding, for a total request of $770 million for cybersecurity.

I could not agree more with this strong commitment to improving our cyber defenses and, of course, as is evidenced in the bill that this Committee has reported out, for placing much of that responsi-

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bility within the Department of Homeland Security as our lead civilian agency.

The Department simply cannot carry out the responsibilities we need it to in defense of the homeland without the kind of funding that this budget requests.

I am also pleased to see that the budget restores $212 million to the Science and Technology Directorate, for a total request of about $830 million. This is one of those parts of a department that probably does not have a vast constituency supporting it. And yet the work done by the Directorate is vital to our capacity to develop countermeasures and detection techniques against, for instance, conventional explosives and nuclear material or to improve our defenses to cyber attack and bioterrorism attack.

So this additional money, in my opinion, that goes to the Science and Technology Directorate is money that is spent wisely because it really is an investment in a safer future. And as has been the case with the money that has been invested in similar parts of the Department of Defense, it can—and I am confident will—spin off new technologies, products, and services in the private sector, which will help our economy and create jobs.

On the other hand, I am concerned that the budget includes a number of attempts to circumvent congressional authorizing committees by making legislative and organizational changes to the Department through the appropriations process.

For example, the Administration's budget proposal would fundamentally change the nature of core homeland security grants that this Committee created by eliminating programs such as the State Homeland Security Grant Program, the Urban Areas Security Initiative (UASI), and port and transit security grants, and replacing them with a new program that adds natural disasters as a primary focus.

We created these programs specifically to help State and local governments prepare for terrorist attacks, even though when properly implemented they also help localities prepare for and respond to natural disasters.

I have questions about whether the new grant program as proposed would be duplicative of the existing all-hazards programs, such as the Emergency Management Performance Grant Program.

But I must say that I am really perplexed that the Administration is proposing to make such changes to statutory programs without submitting legislation to the committees, such as ours, with jurisdiction over these programs.

This Committee also needs to take a closer look at the Administration's plans to reorganize some components and programs, including the proposal to take U.S. Visitor and Immigrant Status Indicator Technology (US-VISIT) out of the National Protection and Programs Directorate (NPPD) and transfer its screening duties to Customs and Border Protection (CBP) and its visa overstay duties to Immigration and Customs Enforcement (ICE). I will have questions about this and some of the other parts of the proposal that trouble me.

But, in summary—I go back to what I said earlier—I believe that Secretary Napolitano and the Administration have put forth a re-

sponsible budget request, and I look forward to your testimony and the questions that follow. Senator Collins.

OPENING STATEMENT OF SENATOR COLLINS

Senator COLLINS. Thank you, Mr. Chairman.

This afternoon, the Committee will review the $39.5 billion budget proposal for the Department of Homeland Security.

I, like the Chairman, am pleased that the budget recognizes the seriousness of the cyber threat by including a 74-percent increase in the Department's cybersecurity budget. This level would help to reduce vulnerabilities in the Federal cyber domain by hastening deployment of intrusion-prevention tools on government computer systems. The funds would also strengthen the Department's information-sharing capabilities and increase support to the United States Computer Emergency Readiness Team (US-CERT), which responds to more than 100,000 cyber incidents and helps the government and the private sector mitigate cyber risks.

Of course, in this time of severe financial constraints, we must also continue to find savings within the Department's budget.

Our Committee outlined many cost savings and efficiencies in its reauthorization bill reported last fall. For example, our bill would mandate a 5-percent cut over 2 years from the budget for field components, to be achieved through field office consolidation, administrative and logistical cost savings, and operational efficiencies. Our plan also eliminates two offices and five programs, consolidates three offices dealing with travel security, and allows DHS labs to collect fees from outside users.

For the most part, the Administration's budget proposal ignores our specific cost savings and efficiencies, which is perplexing to me.

The President does propose to eliminate or combine several homeland security grant programs. While some consolidation may be desirable, the Department must ensure that it does not jeopardize the progress that has been made in achieving such goals as interoperability of communications equipment used by first responders.

It is also unclear how the baseline State allocations for the newly proposed National Preparedness Grant Program would work. I share the Chairman's concern that this proposal appears to negate the current State minimum grant formula that this Committee wrote in the 2007 Homeland Security law to ensure that all States achieve the capability to prevent, respond to, and recover from a terrorist attack or other catastrophic event.

We must remember that two of the September 11, 2001, hijackers, including the ringleader, started their trail of death and destruction from Portland, Maine. Others trained and plotted far outside the major urban areas that were their target. More recently, the arrest of two al-Qaeda in Iraq affiliates in Bowling Green, Kentucky, has served to remind us that homeland security challenges are not confined to large cities.

For the State of Maine, with its long, rural border with Canada, it is particularly important that DHS continue to employ the right mix of resources, ensuring an effective use of personnel, technology, and international, State, and local agency partnerships to keep the

border open to our friends but closed to those who would do us harm.

And, of course, any State can experience catastrophic weather or another natural disaster that tests its capacity to save lives.

The budget request does include $10 million for technologies to help secure the Northern border. Operation Stonegarden funding, however, remains critical to this goal by putting boots on the ground in the form of local law enforcement serving as force multipliers in partnership with Customs and Border Protection. I am concerned that the President's budget would simply collapse this successful program and other key programs such as the Port Security Grants into a single new program.

I would mention that I recently met with Border Patrol agents from the State of Maine as well as sheriffs who told me of case after case where Operation Stonegarden had helped both the State and local agencies plus their Federal counterparts to do a better job.

During last year's budget hearing, I expressed my concern about whether the budget provided the Coast Guard with the necessary assets for its very important maritime security role, which has grown enormously since September 11, 2001, as well as to respond effectively to emergencies such as Hurricane Katrina, where the Coast Guard was the one shining star among Federal agencies, and the Gulf oil spill. The plan last year was to replace 12 High Endurance Cutters (HECs), whose average age is 44 years old, with eight National Security Cutters (NSCs).

I am appalled that the Administration's new request for the Coast Guard is even worse. It proposes only six National Security Cutters and delays the acquisition of the first Offshore Patrol Cutter by another year.

The need for recapitalizing the Coast Guard's fleet is more and more evident. The Coast Guard has reported that it lost 528 operational cutter days last year due to engineering failures in the service's aging High Endurance Cutters. That is the equivalent of losing three of these cutters from the Coast Guard fleet. In comparison, the Coast Guard lost 228 HEC operational days in fiscal year 2007. That trend is unacceptable and highlights the importance of investing in the Coast Guard modernization effort.

Last month's tragic crash of a Coast Guard helicopter on a training mission is a reminder of the significant personal risk that the brave men and women of the Department face every day.

At a time when budgets are tight, difficult decisions must be made, but we must ensure that the priorities set by the Administration and by Congress do not result in a Department that is unable to respond to catastrophic incidents, whether created by man or nature. Thank you, Mr. Chairman.

Chairman LIEBERMAN. Thanks, Senator Collins.

Secretary Napolitano, thanks very much for your leadership of this Department and for being here today. Please proceed.

TESTIMONY OF HON. JANET A. NAPOLITANO,[1] SECRETARY, U.S. DEPARTMENT OF HOMELAND SECURITY

Secretary NAPOLITANO. Thank you, Mr. Chairman, Senator Collins, and Members of the Committee, for the opportunity to discuss President Obama's fiscal year 2013 budget for the Department of Homeland Security.

Ten years after the September 11th attacks, America is stronger and more secure today 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 the homeland security enterprise.

And while we have made significant progress, threats from terrorism—including, but not limited to al-Qaeda and al-Qaeda related groups—persist and continue to evolve, and the demands on DHS continue to grow. Today's threats are not limited to any one individual, group, or ideology and are neither defined nor contained by international borders. Terrorist tactics can be as simple as a homemade bomb or 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, continued threats from abroad and at home demonstrate how we must constantly 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 to 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, put funding to work quickly, and require grantees to regularly report their progress.

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

First, preventing terrorism and enhancing security. This was the founding mission of DHS. It remains our top priority today. The fiscal year 2013 budget safeguards the Nation's transportation sys-

[1] The prepared statement of Secretary Napolitano appears in the Appendix on page 44.

tems through a layered detection system focused on risk-based screening, enhanced targeting, and information sharing 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, the budget continues the Administration's unprecedented focus on border security, travel, and trade by supporting our Border Patrol agents and 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 our 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.

With respect to the enforcement of the U.S. immigration laws, we will complete nationwide implementation of Secure Communities in 2013. Through this initiative and our continued collaboration with the Department of Justice, we expect 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 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, increase Federal network security across the Federal Government, and develop a robust cybersecurity workforce to protect against and respond to national cybersecurity threats.

Finally, with respect to disasters, in 2011 the Department responded to a record number of disasters. The President's budget focuses on a whole-of-community approach to emergency management. It includes resources for the Disaster Relief Fund, 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 (BCA).

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 ICE and CBP's efforts to protect U.S. intellectual property rights and collection of customs revenue.

In closing, 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. And while we have taken many steps to sustain front-line operations in the face of declining budgets, additional cuts of the magnitude outlined in BCA sequestration would directly impact our front-line operations. They would entail rolling back significant progress in securing our Nation's borders, increasing wait times at our Nation's land ports of entry and our airports, impacting aviation and maritime safety and security, hampering disaster response time, and eliminating the cybersecurity infrastructure that has been developed in recent years. An 8-percent cut, as prescribed by sequestration, translates to over $3 billion in reduction to DHS operations. This cut would equate to all of CBP's trade and customs operations at our land ports of entry or ICE's enforcement and removal operations in their entirety or nearly half of our Nation's critical disaster relief funding.

Mr. Chairman, Senator Collins, Members of the Committee, thank you for the opportunity to testify, and thank you for your continued support of the work of the Department. I am happy to answer your questions and to address some of the issues you have raised.

Chairman LIEBERMAN. Thanks very much, Secretary Napolitano.

We will do 7-minute rounds of questions for each Senator here.

I focused in my opening statement on the increase in budgetary request for cybersecurity, and you touched on that some in your statement, and I am supportive of it. I wonder if you could give a little more detail about what the additional funding will enable the Department to do to protect our cyber systems because, as you and I agree, this is the most significant vulnerability we have in terms of homeland security today.

Secretary NAPOLITANO. Yes, Mr. Chairman, and I would say it is the cloud on the horizon, but it is really the cloud that is here.

Chairman LIEBERMAN. I agree.

Secretary NAPOLITANO. We are seeing an increasing number of cyber attacks of various forms, both in the private sector and on our government systems. The increase in the budget allows us to do several things. It will allow us to speed up the deployment of EINSTEIN 3. It will allow us to create a Federal cybersecurity pool for all of the Federal Government. It will allow us to increase the size of US-CERT, which is our key response asset, by about 31 percent. In short, it will give us the tools we need to meet the responsibilities we already have in the cybersecurity arena.

Chairman LIEBERMAN. Good. Let me ask you to go a little deeper on US-CERT. Just take a minute because this is a program that I am very supportive of. Describe what US-CERT does and what the additional funding will enable it to do that it cannot do now.

Secretary NAPOLITANO. In the last full year for which we have numbers, as Senator Collins mentioned, the US-CERT team, which is basically an incident response team, responded to 106,000-plus cyber incidents. We did a number of field assessments. We did a number of control system interventions and assessments across the country. So it is a wide variety, a wide menu of protective, preventive, and mitigative activities, and it is really kind of a key part

of how we intersect with not only the rest of the Federal Government, but the private sector, writ large, in terms of the cybersecurity network.

Chairman LIEBERMAN. So if somebody has reason to believe that there has been a cyber attack, they find their way to US-CERT.

Secretary NAPOLITANO. Actually, there is a center in Northern Virginia called the National Cybersecurity and Communications Integration Center (NCCIC), to which we invite you or your staffs, and it is staffed not only by folks from US-CERT but by other cyber professionals, private sector representatives, and State and local representatives. Those calls come in there, and then depending on what they are, they get deployed out.

Chairman LIEBERMAN. Let us talk about the shift from terrorism to all hazards in the homeland security grants and what the rationale for it is. It raises concerns in me and others that there is a statement being made that terrorism is less of a priority now than it was when the Department was created, although, obviously, as you said earlier, this is the reason why the Department was created.

Secretary NAPOLITANO. Yes, and let me explain, if I might, Mr. Chairman. State and local grants have been cut by the Congress in major ways over the last several years. In fact, in the 2013 request, we actually ask for restoration of $500 million of the $1.5 billion they were cut last year because they were cut too deeply. But it seems to me that those cuts are kind of the way of the world, and so the question for us is: How do we make sure the grant dollars that we receive go to their highest and best use?

We have the grant programs that were established under the original construct, as you mentioned. But we have put $35 billion out there now. We have by that been able to raise the overall national capacity both for response and recovery. The kinds of response you saw in a multiple of States just 2 weeks ago to tornadoes—they had training, they had personnel, and they had equipment. They did not need to call on the Federal Government first. That is all a product of the grants that, in part because of the work of this Committee, they have received over the last 9 years or so.

But now we have to say, all right, in this fiscal environment, what makes sense for grants phase II? And what we have recommended is consolidating grants so that beyond a State minimum—not many, but one State minimum, which would be derived from a population-driven formula—we evaluate all grant requests according to risk, according to gaps, both locally and regionally, and in terms of overall capability so that we can sustain an overall security safety net across the country.

We thought that consolidating grants, streamlining the process, and putting out guidance that requires the grantees to get the money out into the field more quickly would make the grant program more viable in a fiscally restricted environment.

That being said, we know that this requires changes in authorizing language, and we are respectful of that. We in our congressional budget justification documents provided an initial stab at what that would look like, but we would hope that working over the next months, we would work with you and others on the actual

authorizing language and how the program would actually go into statute.

Chairman LIEBERMAN. I appreciate that. That was my next question, and I look forward to working with you because we do think it is not right to do it without authorization changes.

Let me ask you one additional question, and it goes to the whole challenge of countering violent homegrown Islamist extremism. As you know, the White House promulgated last December the Strategic Implementation Plan for countering violent extremism with a number of important responsibilities given to DHS, including areas such as community engagement, strengthening partnerships with local law enforcement, etc.

However, I do not see those responsibilities on the face of the budget reflected in the details of the budget request for fiscal year 2013. So I wanted to ask you if you could describe the amount of money contained in the budget request that will assist in the implementation of the Strategic Implementation Plan, which I support.

Secretary NAPOLITANO. I think, Mr. Chairman, we do not break out in a separate budget line what goes for what we call countering violent extremism (CVE). But you will find it in several places:

Support for fusion centers across the country. We have 72. Almost all of them are now on the classified network.

You will find it in the Suspicious Activity Reporting Initiative. You will find it in the funding for the See Something, Say Something Initiative. And you will find it in training. The Federal Law Enforcement Training Center (FLETC) now has developed a curriculum for State and local law enforcement, and we field-tested it in San Diego a couple of weeks ago. We are getting ready to deploy it over the summer.

We are also developing a law enforcement curriculum on CVE to be used in law enforcement training academies. That is also just about ready to go. And we have a one-week course for Federal law enforcement also that will be done at FLETC.

So there are areas in the budget that have a particular emphasis on CVE, but it is just not broken out by name.

Chairman LIEBERMAN. That, as you know, has been an interest of the Committee. I think—and I know you agree—that the threat of homegrown extremism continues. In some sense, the tragic events in France over the last couple of weeks may reflect there a kind of homegrown Islamist extremism as well. So I would like to continue to provide oversight and have dialogue with you about how the Department is doing in implementing the plan.

My time is up. Senator Collins.

Senator COLLINS. Thank you, Mr. Chairman. First, let me echo your praise of DHS efforts under the leadership of Secretary Napolitano in the area of cybersecurity. I think a lot of our colleagues are unaware of just how developed those efforts are, and maybe we should organize a field trip for the Committee to go to the 24/7 National Cybersecurity and Communications Integration Center in Virginia that responds to incidents. I think we could learn a lot from that trip.

Now, that is the good news. That is the first part of the questioning. Mr. Chairman, I would ask unanimous consent that a let-

ter from 12 different State, local, county, and first responder groups be put into the record. It is a March 20 letter to both of us expressing concerns about the Department's proposal to consolidate homeland security grant programs.[1]

Chairman LIEBERMAN. Without objection. And that same request I can see is being made by hand motions from Senator Brown. So ordered.

Senator COLLINS. Thank you.

Secretary NAPOLITANO. I have the same letter.

Senator COLLINS. That is why I felt confident I could question you about it.

Secretary Napolitano, as a former governor, you are well aware of the fact that Federal law enforcement officials and DHS agents cannot be everywhere. They truly have to depend on a partnership with State, county, local, and tribal law enforcement officials, as well as an alert public, which is at times our best defense. And that is why I am very concerned to receive this letter from such a wide range of groups that says that the Department did not consult with them in coming up with what are indeed substantial changes in the homeland security grant programs. If these are your partners and if we are all in this together, why was there no consultation with these organizations on the changes?

Secretary NAPOLITANO. Well, there was consultation, but if I might explain, the grant proposal that we make in the 2013 budget request is really an outgrowth of a series of engagements we had with our partners in response to what was called Presidential Policy Directive 8 (PPD–8). And in the process, we consulted with 100 partners, including the associations on the letter, about how they would look at the grant program, seeing, reasonably foreseeable, that monies would only continue to go down, what they would suggest, and what they would recommend. We incorporated many of those suggestions in the proposal for the National Preparedness Grant Program.

However, it is just like the authorizing language. We realized—this is a process. Somebody had to start it in terms of getting it to closure. So we have put forward a proposal, but we are meeting with those groups now. In fact, I had a conference call with the leadership of the Conference of Mayors just 2 days ago going through it. So we will be engaging with them over the course of the next months with respect to the specifics. But the basic ideas and a lot of the themes that go into the National Preparedness Grant Program were part of really the findings we had in doing the consultations on PPD–8.

Senator COLLINS. Well, as you know, this letter would take issue with that and says, "We must ask why such major changes are being proposed without advance consultation with local governments and the full range of first responders charged with preventing, protecting against, and responding when incidents, man-made or natural, occur and why they are being proposed without consulting with—in fact, in a way that would bypass—the authorizing committees." A concern that we have already expressed.

[1] The letter submitted by Senator Collins appears in the Appendix on page 41.

I would encourage you to work with them. They are the partners, and we need them, and that is another reason that I am so concerned about the fate of Operation Stonegarden, which has been such a force multiplier.

I want to turn, since my time is rapidly expiring, to a couple of other questions. One has to do with improper payments by the Federal Emergency Management Agency (FEMA). We have talked a great deal about this in the past and the fact that FEMA has lacked the kinds of basic safeguards in order to prevent improper payments. But the most recent report, which is from December of last year, indicates that FEMA has been aware of issues regarding lack of enforcement on several insurance requirements within FEMA's Public Assistance Program for more than 10 years. That is just extraordinary, and these requirements are designed to prevent public money from being used to pay for an insured property, either at the time or in the future after an insurance requirement is put on the property.

What are you doing, given that this is such a longstanding problem, to ensure that FEMA is addressing improper payments in general? This was an Office of Inspector General December 2011 report, but also this latest one about the lack of enforcement of several insurance requirements for the Public Assistance Program.

Secretary NAPOLITANO. Well, FEMA has done a number of things. When we came in, I think the so-called error rate on FEMA payments was running between 7 and 8 percent. A large part of that, in fact, the overwhelming bulk of it, was with respect to payments for Hurricanes Katrina and Rita. And as you know, there has been legislation now about recoupment and limiting recoupment of those. But FEMA has put into place a number of protections. Now the error rate is running less than 1 percent, and we are trying to drive it down even further. So it is supervision, it is training, and it is really being cognizant of those requirements.

Senator COLLINS. Well, I would note that this is a very recent report. It is December of last year, which indicates that there is still a problem in the insurance requirements area that is costing taxpayers a considerable amount of money where we are ending up paying twice. So I know that we are doing better on the private payments, but this is the Public Assistance Program that the Inspector General has put a spotlight on. So I would ask for a more detailed response to that for the record.

Secretary NAPOLITANO. Sure, absolutely.

Senator COLLINS. Thank you.

Chairman LIEBERMAN. Thanks, Senator Collins.

For the information of colleagues, in order of arrival, Senators Brown, Coburn, Johnson, Pryor, and McCain. Senator Brown.

OPENING STATEMENT OF SENATOR BROWN

Senator BROWN. Thank you, Mr. Chairman. Madam Secretary, thank you for coming. It is always a pleasure to see you back in Boston.

This question is an extension of what Senator Collins was saying. The Urban Areas Security Initiative program has worked very well in Boston and the surrounding areas to improve emergency re-

sponse and other homeland security efforts. It has broken down barriers among agencies in Massachusetts and in Boston in particular, and it made more efficient use of those very valuable Federal dollars. And it has kept, as I said, Boston safe while preventing a duplication and waste of Federal money.

In your recent budget, you eliminate the UASI program, and it makes a major city like Boston go through a lot of bureaucratic red tape and another layer of bureaucracy at the State level in order to get its security needs funded, and I am hearing from Mayor Thomas Menino of Boston and other mayors that they are deeply concerned about this fact.

Are you willing to meet with any of those stakeholders about their concerns?

Secretary NAPOLITANO. I am willing to and do, but if I might, Senator, I think our goal is to eliminate some of the red tape and streamline multiple grant programs into one National Preparedness Grant Program.

I think one of the questions that Mayor Menino might be raising is the fact that cities typically do not get the check. It goes through the States and then the States give the check to the cities, and there sometimes is friction in that process.

Senator BROWN. Well, there is not only friction; the States keep a little of the juice on top, 20 percent sometimes, and it is obviously very frustrating to the States that have X amount and certain needs and then the State is going to get the check, keep a piece, and then give it out to the cities, and that is a deep concern of theirs.

Secretary NAPOLITANO. The statute sets out who gets the money.

Senator BROWN. I will follow up on that.

I am also hearing that, for example, with that grant program, it unfairly favors the purchase of equipment over spending on planning. In other words, DHS makes it easier for local governments to get a vehicle funded than to get an evacuation plan for millions of residents funded. Will there be provisions of flexibility that will allow communities more time to get their planning right rather than rushing them to spend their funding on something that they may or may not need?

Secretary NAPOLITANO. Well, let me take it in two bites. We have added a lot of flexibility in the grant process over the last 2 years in response to comments that we have received from some local and State officials, like, for example, money to maintain, as opposed to having to buy, new equipment, money for training, and money for personnel, which previously had not been allowed within the ambit of the grants. We have expanded the flexibility to permit that.

With respect to planning, I would have to know the specifics about feeling rushed to do planning, but important evacuation planning, exercising, and training are all part of that security safety net that we want to have.

Senator BROWN. If there are some specific issues, maybe I could get that information, and we can draw that connection. That would be great.

I want to commend you and the President on the leadership you have shown on the Secure Communities program. It is a common-

sense program, and I think it would enjoy unqualified support here in a less politicized environment. And all you are doing is sharing information among law enforcement agencies to remove dangerous criminal aliens from this country. I know when you last testified, I commended you on it, and I want to continue to do that. And for those who are listening, let us be clear how it works. It is not about randomly tracking down immigration violators. It is about giving local law enforcement officials factual and accurate information about someone they have arrested for a crime. They might have just arrested a violent criminal who is in the country illegally or has an outstanding warrant, and sometimes the system you set up detects fugitives in our country who are evading justice back in their home country and then lets your agency know that they have these bad guys in custody, and you make the call on whether to pick them up. And it makes a lot of sense.

I know nationwide, 79 percent of the jurisdictions are actually activated, when in Massachusetts, one of 15 jurisdictions has been activated. And there is, for whatever reason, a reluctance to fully implement this program, and I can think of many cases, especially most recently, that people's lives potentially could have been saved in Massachusetts if this program had been implemented.

Could you please update us on that effort to bring the program to all jurisdictions? And do you have a sense of when Secure Communities will be fully implemented in Massachusetts?

Secretary NAPOLITANO. Well, we intend to be fully implemented by the end of fiscal year 2013. The President's budget request provides the funding for that, and we have, I want to say, 320-someodd counties left, basically. So the big bulk of them have already been done.

In Massachusetts, I know we have it turned on in Suffolk County. With respect to the other counties, we have ICE agents under what is called the Criminal Alien Program who are actually in the jails helping provide the same information, but in the end, we really need Secure Communities. That is the system that links the fingerprint check that you do for criminal history with the immigration check.

Senator BROWN. I agree with you, and there are many sheriffs in Massachusetts who also agree with you and the President. Some critics would say that implementation would mean communities are less secure, i.e., they would deter other illegal immigrants from reporting crimes. But there are safeguards that are in place for that type of thing. Is that right?

Secretary NAPOLITANO. There are, including U and V visas that are given to those. Many communities have had Secure Communities in place now for a couple of years, and their police departments have good community outreach into communities that might feel particularly threatened, if I could use that word.

Senator BROWN. Vulnerable.

Secretary NAPOLITANO. Yes.

Senator BROWN. Now, have you been in contact with Governor Deval Patrick's office in Massachusetts on Secure Communities and why it has not been implemented?

Secretary NAPOLITANO. I have been in touch with a number of officials about Secure Communities over the years. I cannot think of anything recent with Governor Patrick.

Senator BROWN. But there has been communication in the past about this issue?

Secretary NAPOLITANO. Let me not answer that. We will check and see.

Senator BROWN. If you could. I would like to know what the status is and if you can provide any of that correspondence to us because I am trying to find out what the reasoning is. Because as I have said, people are dying, and this is another tool in the toolbox for law enforcement. I agree with you, I agree with the President, and I want to see it implemented, as many citizens do in Massachusetts. So I want to thank you for that effort, and I look forward to working through the budgetary process with you. Thank you.

Chairman LIEBERMAN. Thanks, Senator Brown. Next is Senator Coburn.

OPENING STATEMENT OF SENATOR COBURN

Senator COBURN. Thank you, Mr. Chairman, and thank you, Secretary, for being here. Also, thank you for your service. It is a very tough job.

You will find that I am going to be your favorite person on your consolidation of grants. I think you have it just right. And what you are hearing already is blowback of a parochial nature because when we did the grant program, we did not do it based on risk. We did it some based on risk, and we improved that with the last authorization. But basically we threw it out there, and so what we have is a little bit of a creaking door, and screeching, because the fast money that really is a State responsibility is not going to be paid by the Federal Government, and true terrorism prevention based on risk is liable to be the outcome of what you are recommending. So I heartily endorse your recommendations on consolidating it.

I want to talk just a minute about fusion centers because I have a lot of doubts about them, and we are doing a lot of looking at that now. You say we now have 72?

Secretary NAPOLITANO. Yes.

Senator COBURN. Do you think they are fulfilling their mission on terrorism prevention?

Secretary NAPOLITANO. Their mission is terrorism prevention, but it is also much broader than that. And as governor, I started one of the first fusion centers in the country. It is an ideal place to collocate, to share information. We use them in a variety of ways. They are also the portal of entry we now use to get classified information out to the country quickly because the vast majority are now linked up and have people who have the right clearances to get that information. That was a common complaint a few years ago.

So are there things that can always be done to improve? You know, it was a relatively new concept when we started it, but I think they are going in the right direction. And, yes, I think they are an essential part ultimately of the framework we need.

Senator COBURN. Do you think they are cost-effective?

Secretary NAPOLITANO. Yes.

Senator COBURN. Let me talk with you a minute, and all I would like for you to do is just respond. We have talked with your legislative representatives here on the Hill about the request to spend down this $8.3 billion in unspent grant money.

Secretary NAPOLITANO. Yes.

Senator COBURN. We could not get an answer, so I would hope that you would make sure we get an answer on it.

Secretary NAPOLITANO. I can tell you what the guidance that went out in February is with respect to the $8.3 billion——

Senator COBURN. Well, I have read that. I have read your stuff, but I cannot get an explanation. Here is basically the explanation—those grants are for terrorism prevention, correct?

I mean, that is what the statute says. That is what they are for.

Secretary NAPOLITANO. They are for a number of things, but yes.

Senator COBURN. But if you look at that specific UASI grant, that is what they are for.

Secretary NAPOLITANO. But the $8.3 billion is not just UASI, but go ahead.

Senator COBURN. Well, that is some of the stuff that we are asking that we have not been able to get through your legislative office.

Secretary NAPOLITANO. All right.

Senator COBURN. The idea to tell them to spend it out faster, can you talk to me about that? Because the fact is, if it is for equipment and they are not spending it, either the equipment is not available or they do not see it as a priority for equipment, and now we have loosened the grant up to say we are going to actually with this grant money be paying for things that are truly State and city obligations, not Federal obligations. Talk to me about the philosophy behind that.

Secretary NAPOLITANO. Sure. The guidance is, with the unspent grant monies that go back to 2007, those need to be spent by this June. For 2008 and 2009, those need to be spent by the end of the fiscal year, and so forth.

One of the reasons for the backlog, quite frankly, is some of those original grants were for things like hardening port security, and by the time you go through the environmental and historic reviews that are required for those and do the procurement processes and all the rest, the money just has not gone out.

We have streamlined that process and that review process so that we turn those around much more quickly. We are trying by this mechanism to encourage States and locals to cut through their own red tape to the extent they can and get money where it is needed. These are for safety, security, and terrorism prevention. They are not just for equipment. They cover a whole range of things. And we think if Congress is going to appropriate the money, we need to do what we can to get the money into the field.

Senator COBURN. Well, if, in fact, they cannot get the money into the field, what is wrong with them returning it to the Treasury and letting us spend it somewhere where it might be more effective?

Secretary NAPOLITANO. There is nothing wrong with that.

Senator COBURN. But has that been part of the directive that you sent out—if you really cannot spend this money at this time, please send it back?

Secretary NAPOLITANO. I think that is part of the guidance, that the money will not go out.

Senator COBURN. One question about US-CERT, and then I would like to submit some questions for the record to you and have them returned on a timely basis, if I may, and not go through them here today.[1]

Is it true that you all have reported that the US-CERT's own network is vulnerable to cyber attack?

Secretary NAPOLITANO. I think every network is vulnerable, yes.

Senator COBURN. I do not think that is classified at all. I think that is a public statement that we have made. What are we doing to make sure it is not?

Secretary NAPOLITANO. That would be classified, and I would be happy to provide a briefing for you.

Senator COBURN. Then I guess the answer is we are working to make sure that US-CERT is not vulnerable, correct?

Secretary NAPOLITANO. Correct.

Senator COBURN. All right. Thank you, Mr. Chairman.

Chairman LIEBERMAN. Thank you, Senator Coburn. Senator Johnson.

OPENING STATEMENT OF SENATOR JOHNSON

Senator JOHNSON. Thank you, Mr. Chairman. Madam Secretary, welcome back. Nice to see you.

In earlier testimony, Defense Secretary Leon Panetta said that he certainly felt that because we are running huge deficits and huge debts, that is definitely a national security issue. Admiral Mike Mullen, former Chairman of the Joint Chiefs, said that the most significant threat to our national security is our debt. Secretary Hillary Clinton said our rising debt levels pose a national security threat.

I guess I am just asking you as Secretary of the Department of Homeland Security, do you also agree that our debt and deficit is a security threat?

Secretary NAPOLITANO. Yes, they can be.

Senator JOHNSON. How significant a threat?

Secretary NAPOLITANO. Well, to the extent they implicate the fundamentals of your economy, I think that is part of a cluster of security issues that we have to confront.

Senator JOHNSON. Do you believe that the deficits that we have been running, the $1.4 to $1.3 trillion a year, and probably now again this year maybe $1.3 trillion, do you believe that is sustainable?

Secretary NAPOLITANO. You know, Senator, I am here as the Secretary of Homeland Security. You all have to make the spending decisions, but I will say this: When we prepared our budget for this year, we did that in the context of knowing that there needed to be fiscal austerity measures taken. That is why we came in at less than the fiscal year 2012 appropriated amount. It is the first year

[1] Responses to Senator Coburn's questions for the Record appear in the Appendix on page 78.

ever that the President has requested a lower amount for Homeland Security. It is because we all are dealing with that issue and trying to solve it as much as we can.

Senator JOHNSON. Again, having recognized that the debt and deficit is a security issue, as Secretary of the Department of Homeland Security, do you believe that is part of your responsibility?

Secretary NAPOLITANO. In the sense that the security of the country is part and parcel of the daily responsibility I have, I would have to agree.

Senator JOHNSON. Have you ever spoken to President Obama about the security threat that the debt and deficit issue poses within that context?

Secretary NAPOLITANO. No.

Senator JOHNSON. As a former governor, I believe you probably submitted—I have written down here—six budgets?

Secretary NAPOLITANO. Well, more than that when you add midyear, etc. Lots.

Senator JOHNSON. Did you always submit those on time?

Secretary NAPOLITANO. Yes.

Senator JOHNSON. Were those balanced?

Secretary NAPOLITANO. Yes.

Senator JOHNSON. Are you surprised or, let us say, disappointed that now after four bites of the apple President Obama has not submitted any plan for ever balancing the budget?

Secretary NAPOLITANO. If I might, Senator, I think a Federal budget is very different than a State budget. I mean, the Federal Government assumes obligations and responsibilities, for example, for the national defense and the national security that States do not have. It is a different animal.

Senator JOHNSON. But, again, I think we just established that the level of debt and deficit is a security threat.

Secretary NAPOLITANO. Well, it is among many, and I think we are all working to be fiscally responsible with how we conduct our affairs. But I think it is a little bit like comparing an apple and an orange to say a State budget is just like a Federal budget. They are not similar.

Senator JOHNSON. I did not say that.

Let me turn to the cybersecurity bill that you testified about in January. I asked you whether or not the Department had developed any sort of estimate on the cost of the regulations that were being proposed in that piece of legislation. At the time, you did not have any kind of estimate. Have you developed an estimate since that point in time?

Secretary NAPOLITANO. No, but I think, if I might, Senator, the bill is really a very robust public-private partnership approach to how we raise the base level of cybersecurity for the core critical infrastructure of the country—core critical infrastructure that right now is being subject to attack. And so there is no regulation per se to evaluate I think in the sense that you mean.

Is this something that we need to do as a country? Absolutely. You just asked me whether I thought the deficit was a threat. I am here testifying that I think the cybersecurity threat in my wheelhouse is the one right in front of us.

Senator JOHNSON. That is the one that keeps you awake at night. Me, too. I think it is extremely important.

One of the questions I asked is whether there were companies that were supporting that particular piece of legislation, and you said that there were, and you were going to supply us a list. We have not received that list. Are there companies?

Secretary NAPOLITANO. We will get you a list of some supporters, yes, sir.

Senator JOHNSON. What about companies or people who would be falling under those regulations that are posed? Have people come out of that that you are aware of?

Secretary NAPOLITANO. Well, I think the first thing is the decision about what constitutes core critical infrastructure of the country, and what the Lieberman-Collins bill would do would be to set up the process by which those are determined at the outset. But it makes common sense when you think about it, those where if they are shut down or attacked, you would have loss of life, massive economic damage, displacement of persons. So within that realm, then you would want to work with those participants, as we do across critical infrastructure across the country now, in terms of what are the base standards that should be met? Leaving to the actors to decide how to meet them, but what should you be able to do if you want to be in the core critical infrastructure business?

Senator JOHNSON. But, again, I am concerned that we actually pass a cybersecurity bill that starts allowing companies to share information. Are there companies that have come out against this? And why would they be against it? Again, I am just trying to address their concerns. I want to make sure that we can actually develop a piece of legislation that we can pass so we can start moving that football forward.

Secretary NAPOLITANO. Thank you, and we look forward to working with all of you on this. I have not seen all of the traffic, but the opposition that I have seen is a regulation kind of opposition, but not to the information-sharing parts.

Senator JOHNSON. One of my concerns is that during that hearing, one of the witnesses—Stewart Baker—testified that the industry is concerned about waiting up to 7 years for the Department to actually write the regulations. Let us face it, the development of technology moves incredibly rapidly. Do you really believe that the government can keep up with that pace of technological advancement?

Secretary NAPOLITANO. Yes. But we are not waiting 7 years; the problem will not wait 7 years.

Senator JOHNSON. Thank you, Madam Secretary and Mr. Chairman.

Chairman LIEBERMAN. Thanks, Senator Johnson.

I am going to resist the inclination to get into a dialogue on the cybersecurity bill because there will be plenty of time for that, and I look forward to working with you on it.

Senator Pryor.

OPENING STATEMENT OF SENATOR PRYOR

Senator PRYOR. Thank you, Mr. Chairman. And, Madam Secretary, it is always good to see you.

I have a question about the Anti-Border Corruption Act of 2010 that we passed a few years ago. As I understand it, Customs and Border Protection has made significant progress under the new law. However, there is still some work to be done.

It is my understanding that CBP will be caught up with the backlog of background investigations by the end of this calendar year and that the polygraph requirement is going to take a little bit longer. Do you have an update on that? Do you know the status of that?

Secretary NAPOLITANO. Right. I think actually the background investigation part, I hope, will be a little bit sooner than that, Senator. With respect to polygraph, one of the practical problems is the lack of enough polygraphers, so we are hiring and getting them on staff and contracting and doing everything we can to get those polygraphs out there. So, as soon as possible, I will try to get you a more definitive answer.

Senator PRYOR. It would be great if we could get a sense of a timetable on that, and I do understand the constrictions you have with the polygraphers. I understand that.

Do you think that Customs and Border Protection has adequate resources to implement the new law?

Secretary NAPOLITANO. Yes.

Senator PRYOR. It is just really a matter of finding the expertise for the polygraphers. Is that right?

Secretary NAPOLITANO. That is it. And then the other thing, and we are working on this very hard, is that the vast majority of the men and women who do that work are honest, they are in it for the right reasons. But when you have a big swell in new hiring, as we have had, particularly in the Border Patrol, there are issues that can go along with that. So it is not just background checks but recurrent checking, using the polygraph, all of those things to make sure that we maintain that honest workforce.

Senator PRYOR. Right. This may be a little bit of a follow-up to Senator Coburn's questions a few moments ago. I have a question about grants, specifically about the proposal to consolidate and streamline 16 existing grant programs into one bigger program. And part of that, as I understand it, is the Pre-Disaster Mitigation (PDM) Grant Program, which apparently Homeland Security thinks is duplicative of other grant programs. But the Hazard Mitigation Grant Program (HMGP) is only accessible through a major disaster declaration, meaning that if States or localities want to apply, they have to have had either a recent or a frequent disaster in their area; otherwise, they cannot get mitigation funds.

And so to me, it seems that on those two you may have different requirements that would maybe be consolidated into one thing. Are you confident that Homeland Security will still be providing assistance for people who want to mitigate disasters and prevent the damage on the front end?

Secretary NAPOLITANO. Yes, I think this is one of the things we will work through, but the Pre-Disaster Mitigation Grant Program has been relatively unused. That is one of the reasons we are recommending that it be streamlined or folded in, and part of it is because of just the nature of the beast and the other statutory requirements that go with those monies. And as I mentioned, the

President has asked for an additional $500 million for grants that would enable us to keep working on hazard mitigation.

Senator PRYOR. On the importance of pre-disaster mitigation, one example would be in 2011, of course, we had terrible flooding in the mid-section of the country, up and down the Mississippi River, the Ohio River, and those areas. This is a great example of how sometimes you spend millions but save billions. The Army Corps of Engineers system worked up and down the Mississippi River, but there were lots of local levees in States, counties, and cities that were also doing pre-flood mitigation during that time, and, again, largely it worked.

I saw a number the other day—it was way in the billions—of the amount of money that we saved because of that investment. So I would just encourage you and your team to be very confident that the money will be available because these cities and counties and levee districts are putting it to good use.

Thank you, Mr. Chairman.

Chairman LIEBERMAN. Thank you, Senator Pryor. Senator McCain.

OPENING STATEMENT OF SENATOR MCCAIN

Senator MCCAIN. Thank you, Mr. Chairman. It is nice to see you again, Madam Secretary.

As you will recall, last year the Border Patrol initiated a very successful operation called Operation Samurai, and it led to the apprehension of 31 cartel scouts operating on mountaintops in Arizona, in addition to 84 smugglers, over 800 illegal aliens, and thousands of pounds of marijuana and other illegal drugs. It was a very professional and impressive operation. The operation, as you know, was enabled through the use of air support that allowed the Border Patrol agents to get in position before the scouts had an opportunity to flee.

So I have concerns about the proposed reduction of flight hours from 106,000 mission hours in fiscal year 2010 to 65,000 mission hours in 2013. Can you give me an explanation about this reduction in flight hours?

Secretary NAPOLITANO. Yes, two things, Senator. One is that we are putting into the air equipment that has more sensors and other types of equipment on it, on the platforms. So the hours that we are getting are yielding a lot more than some of the older planes that we were putting up in the air in 2009 and 2010.

Second, as you know, we will be and are receiving air equipment from the Department of Defense to put in the air over the Southwest border. We think of it as boots in the air and boots on the ground, and it is the combination that really works best.

Senator MCCAIN. Well, I will be glad to exchange information with you, but that kind of reduction, even though we have enhanced capabilities, in my view, does not keep aircraft in the air 24/7 or drones in the air. And it certainly does not provide for the 24/7 coverage that I think we need. So maybe for the record you can provide me with additional information.

In December, Senator Collins and I wrote to you asking for justification over media reports that the DHS spent over $770,000 on automated cameras to document the movement of jaguars crossing

into Arizona from Mexico. We received a response indicating the jaguar project was just one of about $50 million in projects to "mitigate the environmental impact of the border fence," and the funding would come from the Border Patrol's fencing and infrastructure budget. And among those projects were $925,000 to find and study the bat caves of the Mexican long-nosed bat, $500,000 to help breed Aplomado falcons, and $230,000 to put radio collars on bighorn sheep.

I am pretty familiar with the border and fencing, Madam Secretary, but I do not know how studying the bat caves of the Mexican long-nosed bat has anything to do with the border fence. Perhaps you can educate me.

Secretary NAPOLITANO. Not today, but I will be happy to respond to you. I will have to look into it myself.

Senator MCCAIN. Well, here we are with stringent economic measures needed to be taken, and we are spending $230,000 to put radio collars on bighorn sheep, and maybe we need to put radio collars on bighorn sheep, but to call that a mitigation of the environmental impact of the border fence obviously is a great stretch of the imagination. I missed $2.1 million to plant agave cacti. The list, unfortunately, is rather long.

You know, Madam Secretary, we have been having these hearings now since the Department of Homeland Security was created as a result of the 9/11 Commission, and most every weekend I go to an airport and get on a plane and go somewhere. And for the life of me, I cannot think of a single improvement in the technology and the screening of passengers that we have seen. The men and women who serve under you are very outstanding and dedicated people, but 11 years later, we still are subjecting passengers to the really invasive patting-down procedure.

We now have a new device, I see, that you have to go into and raise your arms, and it lengthens the time of going through security rather than shortens it. And I have heard over the years, well, we are working on this technology, we are working on that technology, we have a Trusted Traveler Program, we will do optical—I have heard everything. And nothing has changed. The American people are very patient. The American people understand the need for airport security. But I can tell you, they do not understand why we cannot develop technology that eases their passage through security at an airport.

Now, maybe you can not only help me out but help people who have to fly all over the country through commercial airports by telling me a little bit about what we can expect.

Secretary NAPOLITANO. Well, Senator, I am sorry that you feel that way because there have been a number of improvements, and one thing I can say is the traveling public is safe in the face of continuing threats in the aviation environment, which involve all kinds of populations. So we start from that premise. There is nothing we are doing that is not threat related.

With respect to the technology, I would like nothing better than to sit at this table and announce that we do not have to take off our shoes and we do not have to divest ourselves of our briefcases and our backpacks, etc. The technology just is not there, Senator. We have made moves with specific populations—children, those

over 75—who we view as low risk, but we still have to do a certain amount of random checking, even in those populations.

We have met and worked with, among other things, the International Air Travel Association (IATA), which is the big global unit, on something called the Checkpoint of the Future, kind of a one-stop shop. You go in, check, etc. But that, I have to say, from a technology standpoint is years away.

This is a complicated area. We are moving 1.5 million people per day through the Nation's airports. It is the largest airport system in the world. But, yes, if we can find that magic technology, we will use it.

Senator MCCAIN. Well, it puzzles the American people and this Member of the Senate that the most innovative, most technologically advanced Nation in the world has not made basically a single change. And, by the way, if you think that it is more rapid than it was when it was first installed, you are not going to the same airports I am. So the fact is, it has not been sped up. In fact, it has been delayed some.

Maybe a trip out to Silicon Valley to meet with some of the people out there who are very good at the development of new technology might be something that you might think of. But, again, I understand your response. I understand exactly what you are saying. It is very plain English. But the fact is that we have not seen anything that has been a technological advance that I know of that would indicate that we could travel more expeditiously without the embarrassment of some of the procedures that are necessary in your view as we go through airports in this country.

Secretary NAPOLITANO. Yes. Senator, I think what would be useful for you is to meet not with us but with the people who are involved in the technology side of the industry because I think they will show you what is being looked at, what has been evaluated. Silicon Valley, Cambridge, Massachusetts, you name the high-tech centers of the United States, we have been there looking. No place in the world has it quite yet. But we will get it ultimately.

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

Chairman LIEBERMAN. Thank you, Senator McCain. Senator Akaka, welcome.

OPENING STATEMENT OF SENATOR AKAKA

Senator AKAKA. Thank you very much, Mr. Chairman, for holding this hearing. I commend you and Senator Collins for your leadership in these areas, and I do personally appreciate it. And, of course, I want to say aloha and welcome to Secretary Napolitano for being here with us today.

I would like to express my admiration and sincere gratitude to the dedicated men and women of DHS who tirelessly are working to ensure our safety and security. And sometimes it is tough to do that, but they are doing it. These employees often turn down higher pay in the private sector to serve their country, and I am saddened by the proposals targeting Federal workers that will make it even harder for the Department to attract and retain the best and the brightest in our country. We must ensure that they have

the resources and tools needed to do their jobs. I want to commend you for your leadership in these areas over these years now.

Secretary Napolitano, as an island State, Hawaii relies heavily on the Coast Guard to protect our people, environment, and economic interests. The 14th Coast Guard District in Honolulu is the largest geographic command in the Coast Guard, covering over 12 million square miles of ocean. Despite the 14th District's vital role in protecting national interests in the Pacific, it is relying on an antiquated fleet.

How will the proposed cuts in the Coast Guard's budget affect its mission in the Pacific?

Secretary NAPOLITANO. Senator, I think the mission in the Pacific is very significant to us. It is significant to the Coast Guard. Our presence in Hawaii and its surrounding area is critical to the security of the United States, as you mentioned.

When you look at the Coast Guard budget that has been submitted by the President, it maintains the long-range aircraft that are necessary for Hawaii. We are in the midst of the process of building the National Security Cutters: four and five are on schedule and on budget; six is contained within the President's budget. We are building out or replacing the Fast Response Cutters (FRCs).

There is a minor personnel reduction in the President's budget for the Coast Guard, but that is primarily in the Office of Intelligence here, Senator, that has been increased 200 percent in the last few years—we thought it could go down a little bit—and also some back-office administrative and other personnel here. So that should not be felt at the front line at all. So we are very conscious of the special role the Coast Guard has in Hawaii.

Senator AKAKA. Yes, and I am sure you know what I am referring to when I say antiquated fleet.

Secretary NAPOLITANO. Yes.

Senator AKAKA. Some of the ships that they have are really antiquated out there.

Secretary NAPOLITANO. I concur.

Senator AKAKA. I am just worried about what the budget would do to it.

Secretary Napolitano, last November, Transportation Security Administration (TSA) whistleblowers at Honolulu airport alleged that two behavior detection officers (BDOs) regularly engaged in racial profiling by targeting Hispanic travelers for additional screening. Similar problems of racial profiling reportedly occurred at Newark airport as well. There are more than 3,000 BDOs nationwide, and the Administration's budget requests funding for additional officers. Concerns about racial profiling could undermine this entire program, and I urge you to fully investigate and address these allegations, and I am sure you have.

How is DHS investigating and addressing alleged abuses? And when will DHS release the findings of their investigations?

Secretary NAPOLITANO. Well, I will have to get back to you on those particular investigations in terms of the timing. With respect to the behavior detection officer program, however, that is based in large part on a program that is done in Israel. They perfected some of the original methodology.

We have over the last year done a study of it in terms of evaluating its ability to identify a traveler who deserves extra scrutiny versus simply doing random checks. And those BDOs were found to be statistically better at doing that than just simply doing random checks. So I think in terms of a tool to use properly and appropriately in that security environment at the airport, it is a good tool for us to use.

Senator AKAKA. Thank you. Madam Secretary, as you may know, the debris as a result of the 2011 tsunami in Japan is circulating the Pacific and may reach Hawaii within the year. The National Oceanic and Atmospheric Administration (NOAA) manages Federal debris removal efforts and partners with Federal agencies to coordinate their efforts.

How is the Coast Guard working with NOAA to determine the best approach to address the tsunami debris? And does the budget take these efforts into account?

Secretary NAPOLITANO. Yes, Senator. As you noted, NOAA has the lead responsibility on the tsunami debris, but our Coast Guard region is working with them with respect to the tsunami that you are talking about and will coordinate in any way they think appropriate. But we are relying on NOAA as the lead.

Senator AKAKA. Thank you. Secretary Napolitano, in 2007, DHS committed to empowering CBP's agricultural mission with an enhanced leadership structure and authorities to safeguard American agriculture, the economy, and public health. Years later, our borders remain still vulnerable to dangerous pests and disease, and I am deeply concerned that agricultural inspections are a low priority for DHS. And as you know, in all these years in Hawaii, we have had these agricultural inspections going on. I have been informed that CBP uses most of the agricultural inspection fees to fund its offices instead of its agricultural specialists.

What steps is DHS taking to fulfill its commitment to prevent the entry of harmful pests and bioterrorism agents and make sure agricultural user fees are spent as Congress intended?

Secretary NAPOLITANO. Well, I think, Senator, if they are not being spent as Congress intended, I want to know about it because that agricultural inspection program, as you say, is an important one, and we do it a number of ways.

Actually, the safety of the Nation from bioterrorism or just an invasive species getting in, it is a lot of different levels, but that agricultural inspector at the gate of entry, so to speak, that is kind of the last line of defense. And so it is training, it is supervision, it is identifying and having people right there with the right kind of equipment so you do not have to travel a long time to test things out. So that is what we are using the fees for.

Senator AKAKA. Thank you. Mr. Chairman, may I ask my last question?

Senator MORAN. It is fine with me, Mr. Chairman.

Chairman LIEBERMAN. Go ahead.

Senator AKAKA. Thank you very much.

Madam Secretary, I am pleased that the Department proposes to maintain total funding for emergency management performance grants. However, I understand that several changes have been

made to homeland security preparedness grants to better support the national preparedness goal.

Will you please explain how these proposed changes may better address special emergency preparedness needs of States like Hawaii?

Secretary NAPOLITANO. I think what we are working on and will work with the Committee on is to take the existing multiplicity of grants now, consolidate them, have one base level of funding population driven; but beyond that, look at risk, gaps, and capabilities within States and really try to direct those dollars to where they will best be used now given that we have already spent $35 billion across the country. So this is an Administration proposal that we will work with the Congress on and with other groups on.

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

Chairman LIEBERMAN. Senator Moran.

OPENING STATEMENT OF SENATOR MORAN

Senator MORAN. Mr. Chairman, thank you.

Madam Secretary, last Friday, Under Secretary Tara O'Toole spoke to the National Research Council (NRC) about the NRC Committee that will be formed at your request to reassess the National Bio and Agro-Defense Facility (NBAF) mission. She said that panel will not revisit the site selection or consider alternative locations for the NBAF. Previously, you likewise have told me, Senator Pat Roberts, and others that the reassessment will consider only NBAF's scope. So in that regard, Under Secretary O'Toole, as far as I can tell to that point, did not say anything contrary to the conversations that we have had.

However, Under Secretary O'Toole said that the reassessment committee will also consider the question of, "Could the country manage Plum Island Animal Disease Center, which would not be pushed to a Bio-Safety Level 4 (BSL-4) level?" And I am concerned that DHS even is asking that question.

Plum Island has served a useful purpose. It is over 50 years old. It is well beyond its end-of-life span. It is too small to enable necessary research. It does not have a BSL-4 capability to do research on diseases like Nipah virus or Hendra virus. DHS's own studies point to Plum Island's severe limitations. From 2006 to 2009, DHS conducted an exhaustive site selection process for NBAF, and it considered Plum Island as a potential finalist site. And according to DHS's 2009 Record of Decision for NBAF, Plum Island "has much higher" construction and operation costs associated with building on an island. As I understand it, the indications were that island costs are 15 to 24 percent above mainland costs. It lacks "proximity and accessibility to medical and veterinary schools as well as BSL–3 and 4 labs with related mission areas." My understanding is that this proximity is necessary and useful for attracting the best scientists and working with the animal health industry to get vaccines to market. And Plum Island's remoteness is a serious drawback in limiting research and our country's ability to protect itself.

Your report indicated that in New York and Connecticut, there is "strong political opposition at Federal, State, and local levels to

expanding" and including BSL-4 research capabilities; and, finally, "a foot-and-mouth disease (FMD) virus outbreak on an island would be considered no different from a FMD outbreak on mainland with respect to impact."

Why would we now once again consider spending money on propping up an outdated, costly, and inadequate facility instead of building a state-of-the-art lab that our country needs?

Secretary NAPOLITANO. Well, I do not know exactly what Under Secretary O'Toole said, but if I might, as you and I have discussed, we are not reconsidering locale. We are not reconsidering the need for an NBAF. In my view, it is an essential part of the Nation's security structure moving forward.

We have had a problem persuading the Congress to appropriate money in a steady enough stream so that we could really get the project moving, and that has left us in a position where we have the Plum Island, which in the end will not be able to be the kind of Level 4 facility that we envision for NBAF. But we are going to have to use it now for a while until NBAF is completed.

We hope through this budget process and the other assessments that are being done that we can make material progress on that score. But I suspect what the Under Secretary was saying is, look, at some point we still have to have a biolevel lab, even though we know that lab in the end is not the final answer.

Senator MORAN. I think you have answered my question. Thank you, Madam Secretary.

Chairman LIEBERMAN. Thanks, Senator Moran.

Just a couple more questions, and we will let you go back to your work. Last month, Director of National Intelligence (DNI) James Clapper testified before Congress that "some Iranian officials, probably including Supreme Leader Ali Khamenei, have changed their calculus and are now more willing to conduct an attack in the United States in response to real or perceived U.S. actions that threaten the regime."

Obviously, the catalyzing event was the plot that was broken up, with particular help by a Drug Enforcement Administration (DEA) agent, to retain some members of a Mexican drug cartel to come in and assassinate the Saudi Ambassador here in Washington.

So I wanted to ask you whether the Department is taking any actions in response to what the DNI says is this change in the attitude of Iran toward committing acts of terrorism here in the homeland, including with respect to departmental activities such as border screening and infrastructure protection or information sharing with State and local law enforcement.

Secretary NAPOLITANO. Without commenting on the specifics in an open setting, Senator, we are constantly monitoring threat information, scenarios that become more realistic than previously, and providing analysis and products at various classification levels out into the State and local environment. So I think I would leave that answer just at that level for right now.

Chairman LIEBERMAN. That is good enough. And, finally, let me ask you about the US-VISIT program. I agree with you and, by action I will describe in a minute, I think that most Members of the Committee agree that the US-VISIT's placement within the National Protection and Programs Directorate at DHS is problematic.

One reason is that NPPD is not primarily an operating component. So the DHS Authorization Act that we passed last fall addressed this issue by creating a new entity within the Department to better coordinate DHS efforts to stop terrorists from traveling and placing US-VISIT there.

The proposal that the budget makes, as I mentioned in my opening statement briefly, is to place US-VISIT within Customs and Border Protection and Immigration and Customs Enforcement, and I wanted to ask you about that. My concern is that moving the program, splitting it essentially into two sections, will make it more difficult to coordinate screening activities within the Department, across the interagency, and with our foreign partners.

So we agree there is a problem here. We ended up with a different recommendation to deal with it. Why do you think the one in the budget is a good one?

Secretary NAPOLITANO. Well, what we are doing, Senator, is we are consolidating all the vetting and screening programs and databases in CBP. They have the largest nucleus of that data now. They now have the technologic capability for databases to talk with each other, etc. And so what we are proposing is, take all of the vetting and screening part of US-VISIT and merge that into the existing resources we have at CBP, and then going and picking up the overstays would go into ICE. That is their typical function, which is to do enforcement. So that is the theory behind the recommendation.

Chairman LIEBERMAN. I would like to continue this discussion. Again, incidentally, going back to our discussion about the grants and noting the absence of Senator Coburn so there is no chance he will pick up any support at this moment. [Laughter.]

Although I do not know what his position is on this one, I would like to work with you on it to see whether we can have an agreement where we as the authorizers will agree on how to deal with this problem that we both agree exists.

Secretary NAPOLITANO. OK.

Chairman LIEBERMAN. Thank you. Senator Collins.

Senator COLLINS. Thank you, Mr. Chairman.

Madam Secretary, I wish that Senator Johnson and more of our colleagues did not have to leave before I asked you this question. He brought up the issue of having a very limited cybersecurity bill that would just focus on information sharing about cyber threats. As you are well aware, that is part of the bill that Senator Lieberman and I have introduced. We drew on some work done by Senator Carper and others, Senator Dianne Feinstein as well. But the fact is that while information sharing about cyber threats is needed and those liability protections are essential, it does not remove the necessity of focusing on critical infrastructure, does it?

Secretary NAPOLITANO. No, they are not mutually exclusive. We need to have core critical infrastructure at a certain base level. Because they are a core critical infrastructure, we all rely on them. Families rely on them, small business relies on them, everybody relies on them. We need the information sharing, and it needs to be real time. We need some of the other elements. We need Federal Information Security Management Act (FISMA) reform. We need

some help with some of the personnel rules so that we can hire more people more quickly.

So there are a lot of things that need to be done in the cyber arena and that need to be done now.

Senator COLLINS. And if, in fact, we just passed a very limited bill that dealt only with information sharing and did not give the Department the authority to designate what is core critical infrastructure and, working in partnership with the industry, develop risk-based standards and then leave it up to industry how to achieve those standards, we would be falling short in addressing what is a very serious threat, would we not?

Secretary NAPOLITANO. Senator, I think we would be back here in a year or 18 months, and we will have suffered a major infiltration or attack, and we will find that some part of our critical infrastructure was a gap and they were not doing it on their own, so to speak, and then the gap might be filled at that point.

But it seems to me that what we know now is already enough to go ahead, and we should be moving forward.

Senator COLLINS. Well, I could not agree with you more. I think this is the threat where there is the biggest gap between the seriousness of the threat and how little we have done legislatively to ensure that the Administration has the tools that it needs to address what is an escalating threat. And it is important once again to reinforce what we are talking about when we are talking about core critical infrastructure. We are talking about infrastructure against which an attack would cause mass casualties, severe harm to our economy, a serious degradation of our national security. We are not talking about covering every business, every system in our country. We are talking about the electric grid, key water supplies, and I think that is something that needs to be better understood. So I appreciate the chance to engage you on that colloquy.

I want to ask you two more questions, and the rest I will submit for the record.[1] First, you have used the term and the budget uses the term "population-driven formula" several times in talking about the grant. My staff has had great difficulty in getting from the Department exactly what you mean by that phrase. It could be meant in one of two ways. It could mean that you are talking about the formula that this Committee wrote that ensures that every State receives a certain minimum in order to build and now maintain the capabilities that have been built up over the past 10 years. Or it could mean that you are talking about a formula that is driven by the size of populations and, thus, the money is shifted away from that statutory minimum and instead given to the large cities and big States.

So what do you mean when you use the term population-driven formula?

Secretary NAPOLITANO. A little bit of both in a way. What we want to have is one State formula. There are many different formulas now for basic State grants, depending on which grant program is at issue, so that there would be one consistent State formula of which population would be a key variable that would give

[1] Senator Collins' questions for the Record appear in the Appendix on page 117.

you that base level. But beyond that, we would be looking at risk and gap and capability.

So, for example, take a State like Maine. One of the things you would say is, well, the population is a smaller population base, it is a more rural State, but it has a lot of border and a lot of coast, and it has some critical infrastructure on those things. And that would go into the vast majority of the grant dollars, which would be how you look at the risk, how you look at consequence, gaps, and capabilities.

Senator COLLINS. But are you proposing to still have a State minimum of some sort to ensure that every State can maintain certain capabilities?

Secretary NAPOLITANO. Yes, but it would be one uniform formula.

Senator COLLINS. And, finally, I want to return to the Coast Guard. I am just very distressed by the cuts in the budget that affect the Coast Guard. A thousand uniformed personnel to me is not a small cut. This is not a big service. And it was just last year when I was unhappy about the reduction to eight National Security Cutters that you testified that we fully intend to build them, and we fully intend to build them on schedule. In January of this year, just 2 months ago, DHS provided the Deepwater Implementation Plan Annual Report that validated the Coast Guard's methodology for determining the appropriate mix for the Deepwater fleet, including verifying the methodology that produced the eight National Security Cutters.

So I do not understand the Administration's budget cuts that would eliminate the seventh and eighth National Security Cutters from the Coast Guard's 5-year plan as well as that 1,000 uniform personnel cut.

Secretary NAPOLITANO. Let me address each of those, and I would think one intervening factor is the passage of the Budget Control Act, which we are all trying to fit within. As I mentioned to Senator Akaka, the Coast Guard is roughly a 50,000 member service. The 1,000 personnel cut is made up of some exchange between decommissioning higher personnel vessels and replacing them with vessels that do not need quite as many personnel. That is a small part. A second part is some non-replaced attrition in clerical and backroom personnel here. A third part is, for example, we do not need as many recruitment officers in the Coast Guard as we had because we fulfill our recruitment at the end of the second quarter, so we do not have to fill all of those with full-time equivalent. And the fourth is the intelligence officers that I mentioned earlier where we have had a very dramatic increase over the last several years. We can cut back on that with no impact on front-line operations. That is the 1,000.

With respect to the NSC, the budget fully funds six. There is language—and I think it is in a footnote in the budget documents—to the effect that the decisions on seven and eight will be done in relation to what the Navy is doing with its laydown because it is adjusting its forces in response to the Budget Control Act as well. And so we are beginning a process, working with the Chief of Naval Operations, before we make final decisions on seven and eight, which would hit dollar-wise not until 2014 anyway. So that is the thinking there.

Senator COLLINS. Well, given the cutbacks in naval ship building, that is not of great comfort to me. The missions are different. I like seeing coordination. Do not get me wrong. But I think the cuts in the Coast Guard are something that we are going to need to take a very close look at.

If you look at the expanded role of the Coast Guard, I mean, it has just changed enormously during the past decade. And while I think they are unparalleled in their ability to do more with very little, there is a limit. I have been on those cutters and actually seen where you could see through the side of some of the cutters because of the poor condition that they are in, and the number of cutters that are simply out of commission for so many days each year because of engineering and other failures. It just calls for recapitalization and not delaying with the Offshore Patrol Cutters either.

Secretary NAPOLITANO. If I might, Senator, one thing—it relates to recapitalization of the Coast Guard, it relates to the NBAF that Senator Moran referenced. At some point in this process, we need to work through how the Department is funded to pay for big capital expenditures without having to pay for those expenditures out of operations. We are constantly caught between those two things.

So, for example, we need another icebreaker. Now, the budget has in it some planning money for another icebreaker. There is going to be more activities in the Arctic. Drilling is going to start off of Alaska. We know we need a Coast Guard presence up there. But that is a $1 billion vessel. Plus, there are the NSCs you mentioned, or other recapitalization with other kinds of vessels, or the NBAF.

So these are big-ticket items, but what happens, unfortunately, I think, is in the budget process, somehow the big items and the operations get merged together. And so we will work with you on what the right balance is, but that really is a tension that we have to discuss.

Senator COLLINS. Thank you. Thank you for your time.

Chairman LIEBERMAN. Thanks, Senator Collins.

Of course, I agree with Senator Collins regarding the Coast Guard, and I have the same feeling toward this as I have expressed several times in the Armed Services Committee, which is a lot of these cuts are forced on you by the Budget Control Act, which we adopted. But in this authorization process, we have an obligation to look back and see if what you have done makes sense and whether we want to relook at the BCA and find other ways to fund some of these things that really need to be funded in the national interest, either by finding savings elsewhere or, perish the thought, by raising taxes. Thank you.

Just when you thought it was safe, Secretary Napolitano, to go back to your office, Senator Carper appears. Senator Carper.

Senator CARPER. I would introduce me differently. I would say "an unexpected pleasure." [Laughter.]

Chairman LIEBERMAN. It is that, too, of course.

OPENING STATEMENT OF SENATOR CARPER

Senator CARPER. It was very good talking with you last week. Thanks for that opportunity. And for my colleagues, let me just say

that the Department of Homeland Security has announced that they are going to be audit ready—not in a couple years, not in the next decade, but they are going to be audit ready this year, paving the way for the Department of Homeland Security to actually pass a financial audit—not just talk about it, not just think about it, but actually be able to do it. And I think this is a wonderful achievement and just a great example of one of the best ways that our Federal agencies can act to curb not just fraud but wasteful and ineffective spending. We are glad you set a great example for a bigger agency whose Secretary is trying to drag his agency—the Department of Defense—kicking and screaming to being auditable as well and trying to push them to beat their deadline of 2017. So thanks for being a good role model for them.

Secretary NAPOLITANO. I will share that with Secretary Leon Panetta.

Senator CARPER. He is on it. You know, when you take somebody who used to be a Budget Committee Chairman in the House, Office of Management and Budget Director, White House Chief of Staff, all of the above—you put all that together and put that person in charge of the Department of Defense, they care about this sort of thing. And the reason why it is important, as you know, is if we do not have good financial controls, if we do not have the ability to actually track money, I mean, we are doomed. It is hard to manage what we cannot measure, so it is important.

I just want to commend you and the folks who work for you who have taken your Department to this point in time. And I was just hoping you might take a minute and just give us here on the Committee some idea how you plan to move forward to obtain a clean or unqualified audit for your Department.

Secretary NAPOLITANO. Well, first of all, the Under Secretary for Management, Rafael Borras, and his staff, the Chief Financial Officer and others, deserve the credit. I do not. But they have moved forward on a number of management fronts, really working particularly with one or two of our components that we are having particular difficulty in getting audit ready because of the complexity of the mission and the state of the books, etc. So it is training, management, supervision, and it is just constant monitoring the process and encouraging us. So we were recipients of a qualified audit this year, which is a huge step forward. We will be ready.

Senator CARPER. All right. Thanks.

The second area I would like to just discuss briefly. This Committee has continued to challenge this Administration and the previous Administration to try to work smarter with Federal dollars and to find programs where we can get better results for less money or at least better results for the same amount of money. And I believe that your Department budget takes really a giant step in this direction, cutting, I am told, more than $850 million in administrative costs and duplicative programs for fiscal year 2013. And, again, I want to commend you and the team you lead for looking in every nook and cranny of your Department for ways to save money and doing your part to move our country from what I call a culture of spendthrift more to a culture of thrift.

Can you take a moment and talk with us about some of the cuts that the Department has made and what type of impact they may have on your Department's ability to carry out its security mission?

Secretary NAPOLITANO. Well, I think, Senator, our goal is to cut but not deleteriously impact security mission, and so we are looking for ways where we can get rid of redundancies, inefficient processes, everything from unnecessary expenditures, things that are nice but not necessary, to acquisition reform, procurement reform. The whole contracting process required a real thorough look at by us— fleet management, purchasing, purchase management, all the rest. Every component has come up with savings or places where they can take money back. ICE is a key example. A large part of their budget is not really a reduction. It is savings and costs they have been able to identify they can avoid next year and not impact mission.

Senator CARPER. In talking with Cabinet Secretaries and folks who run some of our other Federal agencies, one of the themes that I have heard from them is trying to change, if you will, the way people think about Federal programs and to really make it part of a cultural change to say how do we get a better result for less money about almost everything that we do, or how do we get a better result for the same amount of money. And given the magnitude of the cuts that you all are looking at, it sounds like that is the mind-set you are bringing, so bring it on.

The third question I would have deals with cybersecurity within the realm of State and local training. We talked a little bit about this before, as you may recall. But a couple of weeks ago when you were here, we talked a fair amount about Federal cybersecurity efforts, and I know you have talked with some of my colleagues about it here today. But while I strongly believe we ought to improve our Federal cybersecurity efforts, I think it is equally important that we also take some important steps at the State and local level. And as you may know, my home State of Delaware has devoted a significant amount of time and resources and energy to enhancing public awareness of cyber attacks and has even participated in several Department of Homeland Security Cyber Storm exercises to prepare our local officials for cyber incidents.

Could you just discuss with us briefly some of your hands-on cybersecurity training programs and how the Department's budget request will maintain these important programs that have helped my own State become what we think is a bit of a leader nationally in cybersecurity?

Secretary NAPOLITANO. Absolutely, Senator. It begins with the fusion centers, which, as I mentioned to Senator Coburn, are a real focus for us in terms of how we get training out to the country on basic security needs and analysis. It is training programs at FLETC and other places. It is the exercises. Delaware participated in Cyber Storm. The National Level Exercise this year will be another cyber exercise, so we are going to have a continued drumbeat of exercises that will include our State and local partners.

Senator CARPER. Thanks again for your leadership, for being here today, and for the spirit that you bring to your job. Thank you.

Secretary NAPOLITANO. Thank you.

Chairman LIEBERMAN. Thanks very much, Senator Carper.

Secretary Napolitano, thank you for your testimony. I was thinking as I was listening to you, leaving aside the fact that I have known you for a long time, and admire you and even consider you my friend, if I was just coming in from nowhere, I would say to myself, "That Secretary is very informed." [Laughter.]

Secretary NAPOLITANO. Thank you.

Chairman LIEBERMAN. You really are on top of what is happening in the Department, and we agree most of the time, we disagree some of the time, but you were very responsive today, and I appreciate that.

Secretary NAPOLITANO. Thank you.

Senator COLLINS. As do I.

In all seriousness, it is such an important Department, and I do appreciate your leadership, particularly in the area of cybersecurity, and I have great confidence that you are going to fix the budget when it comes to the Coast Guard and that we will continue to work very closely together.

I also want to thank all the men and women who work for the Department. So many of them are the unsung heroes who every day are so committed to the mission of protecting our country. I know, unfortunately, it has become in vogue nowadays to beat up on Federal employees, and I think that is really unfortunate because so many of them work so hard with the best of motivations and intentions. So I would ask that you pass on our thanks to them as well. Thank you.

Secretary NAPOLITANO. I will do that. Thank you very much.

Chairman LIEBERMAN. As do I.

Secretary NAPOLITANO. Thank you all.

Chairman LIEBERMAN. The record of the hearing will stay open for 15 days for any additional questions or statements. Again, I thank you. The hearing is adjourned.

[Whereupon, at 4:34 p.m., the Committee was adjourned.]

APPENDIX

United States Senate
Committee on Homeland Security and Governmental Affairs
Chairman Joseph I. Lieberman, ID-Conn.

Opening Statement of Chairman Joseph Lieberman
"The Homeland Security Department's Budget Submission for Fiscal Year 2013"
Homeland Security and Governmental Affairs Committee
March 21, 2012
As Prepared for Delivery

The hearing will come to order. Good afternoon and thanks, Madame Secretary, for being here. In the face of record deficits and a national debt now heading toward $16 trillion, it's obviously imperative the federal government get its spending under control.

Budgets have to carefully balance our nation's needs with what we can afford. Even something as important as securing our homeland from terrorists and cybercriminals – or being prepared for natural disasters like the devastating tornadoes that recently swept through the south and Midwest – requires a cold-eyed look at our national ledger.

With this combination of realities in mind, I want to commend President Obama and Secretary Napolitano for presenting us with what I believe is a responsible budget request in these times. It holds spending at essentially last year's budget level. Adjusted for inflation, this budget for FY13 is lower than it was for the Department in FY2009.

But this budget still increases investments in certain key areas where we need to strengthen our abilities to meet emerging threats. In other words, it makes some tough priority judgments. It pays for these increases by finding efficiencies and administrative savings throughout the Department.

Most notable to me is the significant increase of $325.8 million in cybersecurity funding, for a total request of $770 million for cybersecurity.

I couldn't agree more with this strong commitment to improving our cyber defenses and, as in in the bill this Committee has reported out, for placing much of that responsibility within DHS as our lead civilian agency.

The Department simply can't carry out the kind of defenses we need it to for the homeland without the kind of funding that this budget requests.

I am also pleased to see the Administration restored $212 million to the Science & Technology Directorate – for a total request of about $830 million. This is one of those parts of a department that probably doesn't have a vast constituency supporting it. And yet the work done by the Directorate is vital to our capacity to develop counter measures and detection techniques against for instance conventional explosives and nuclear material, or to strengthen our defenses against cyber attack and bioterrorism attack.

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So this additional money that goes to the Science & Technology Directorate is money spent wisely, because it's really an investment in a safer future. As has been the case with money that's been invested in similar departments in the Department of Defense it can—and I'm confident will—spin off new technologies, products and services in the private sector, which will help our economy and create jobs.

On the other hand, I am concerned that the budget includes a number of attempts to circumvent Congressional authorizing committees by making legislative and organizational changes to the Department through the appropriations process.

For example, the administration's budget proposal would fundamentally change the nature of core homeland security grants that this Committee created by eliminating programs such as the State Homeland Security Grant Program, the Urban Areas Security Initiative and port and transit security grants – and replacing them with a new program that adds natural disasters as a primary focus.

We created these programs specifically to help state and local governments prepare for terrorist attacks, even though when properly implemented they also help localities prepare for and respond to natural disasters.

I have questions about whether the new grant program as proposed would be duplicative of the existing all-hazards programs, such as the Emergency Management Performance Grant program.

But I must say I am really perplexed that the Administration is proposing to make dramatic changes to these statutory programs without submitting legislation to the Committees, such as ours, with jurisdiction over these programs.

This Committee also needs to take a closer look at the Administration's plans to reorganize some components and programs, including the proposal to take US-VISIT out of the National Protections and Program Directorate and transfer its screening duties to Customs and Border Protection and its visa over-stay duties to Immigrations and Custom Enforcement. And I'll have questions about this and some of the other parts of the proposal that trouble me.

But in sum, I believe that Secretary Napolitano and the administration has put forth a responsible budget request, and I look forward to your testimony and questions that follow.

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Opening Statement of
Senator Susan M. Collins

The Homeland Security Department's
Budget Submission for Fiscal Year 2013
Committee on Homeland Security and Governmental Affairs

March 21, 2012

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Today, the Committee will review the 39.5 billion dollar budget proposal for the Department of Homeland Security.

I am pleased that the budget recognizes the seriousness of the cyber threat by including a 74 percent increase in the Department's cyber security budget. This level would help reduce vulnerabilities in the federal cyber domain by hastening deployment of intrusion prevention tools on government computer systems. The funds would also strengthen the Department's information-sharing capabilities and increase support to the US-Computer Emergency Readiness Team, which responds to cyber incidents and helps the government and the private sector mitigate cyber risks.

Of course, we must also continue to find savings within the Department's budget in recognition of the severe financial constraints that are today's reality.

This Committee outlined many cost savings and efficiencies in its reauthorization bill reported last fall. For example, our bill would mandate a five percent cut in two years from the budget for field components, to be achieved through field office consolidation, administrative and logistical cost savings, and operational efficiencies. Our plan also eliminates two offices and five programs, consolidates three offices dealing with travel security, and allows DHS labs to collect fees from outside users.

For the most part, the Administration's proposal ignores our specific cost savings and efficiencies, which is puzzling to me.

The President proposes eliminating or combining several homeland security grant programs. While some consolidation may be desirable, the Department must ensure that it does not jeopardize the progress that has been made in achieving such goals as interoperability of communications equipment used by first responders.

It is also uncertain how the baseline state allocations for the newly proposed National Preparedness Grant Program would work, given the Department's use of the phrase: "funding allocated in accordance with a *population driven formula*."

This proposal appears to negate the current state minimum grant formula this Committee wrote in the 2007 Homeland Security law to ensure that all states achieve the capability to prevent, respond to, and recover from a terrorist attack or other catastrophic event.

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We cannot forget that two of the September 11th hijackers, including ringleader Mohammad Atta, started their trail of death and destruction from Portland, Maine. Others trained and plotted far outside major urban areas. More recently, the arrest of two Al-Qaeda in Iraq affiliates in Bowling Green, Kentucky, has served to remind us that homeland security challenges are not confined to large cities.

For the state of Maine, with its long, rural border with Canada, it is particularly important that DHS continue to employ the right mix of resources, ensuring an effective use of personnel, technology, and international, state, and local agency partnerships to keep the border open to our friends, but closed to those who would do us harm.

And any state can experience catastrophic weather or another natural disaster that tests its capacity to save lives.

The budget request includes 10 million dollars for technologies to help secure the Northern Border. Operation Stonegarden funding, however, remains critical to this goal, by putting boots on the ground, in the form of local law enforcement serving as force multipliers in partnership with CBP. I am, therefore, concerned that the President's budget would simply collapse this successful program, and other key programs like the Port Security grants, into a single new program.

During last year's budget hearing, I expressed my concern about whether the Coast Guard has the necessary assets for its very important maritime security role, which has been especially critical since 9/11 and in response to emergencies such as Hurricane Katrina and the Gulf oil spill. The plan last year was to replace 12 High Endurance Cutters, whose average age is 44 years old, with only eight National Security Cutters.

The Administration's new request is much worse. It proposes only six National Security Cutters and delays the acquisition of the first Offshore Patrol Cutter by another year.

Yet, as recently as January of this year, DHS provided the Deepwater Implementation Plan Annual Report that supported the Coast Guard's methodology for determining the appropriate Deepwater fleet mix, including its planned eight National Security Cutters.

The need for recapitalizing the Coast Guard's fleet is more and more evident. The Coast Guard has reported that it lost 528 operational cutter days last year due to engineering failures in the service's aging High Endurance Cutters or HECs. That is the equivalent of losing three HECs from the Coast Guard fleet in 2011. In comparison, the Coast Guard lost 228 HEC operational days in FY 2007. This trend is unacceptable and highlights the importance of keeping the Coast Guard modernization effort on schedule.

Last month's tragic crash of a Coast Guard helicopter on a training mission over Mobile Bay is a reminder of the significant personal risk that the brave men and women of the Department face every day.

At a time when budgets are tight, difficult decisions must be made, but we must ensure that the priorities set by the Administration and Congress do not result in a Department that is unable to respond to catastrophic incidents, whether created by man or nature.

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FOR RELEASE: March 21, 2012
CONTACT: Emily Spain (202) 224-2441 or emily_spain@carper.senate.gov

U.S. SENATE COMMITTEE ON HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS

HEARING: "The Homeland Security Department's Budget Submission for Fiscal Year 2013"

WASHINGTON - Today, Sen. Tom Carper (D-Del.), Chairman of the Subcommittee on Federal Financial Management, Government Information, Federal Services, and International Security, joined the Committee on Homeland Security and Governmental Affairs hearing, *"The Homeland Security Department's Budget Submission for Fiscal Year 2013."*

His statement follows:

"Last year, we recognized the 10th anniversary of 9/11, a solemn occasion that not only reminded us of what we lost that day, but how far we've come as a nation. While we have made important strides in improving our homeland security efforts, we know there is still much work to be done. That is why it is so important that we continue to provide the Department of Homeland Security, our first responders, and others that keep us safe with the tools and resources they need to effectively and efficiently do their jobs.

"I believe the President has presented a responsible budget for the Department of Homeland Security that reflects the current fiscal realities that we are all facing. I recognize some important missions may see some cuts, but we must all share in the sacrifices required to rein in the deficit. Our nation needs to shift from a 'culture of spendthrift' to a 'culture of thrift,' where we endeavor to look in every nook and cranny of the federal government for ways in which we can save money. I've made it clear in the past that the Department of Defense (DOD) cannot be exempted from this effort and must make sacrifices, even during a time of war. The same holds true for the Department of Homeland Security (DHS).

"The President and the DHS leadership seem to have gotten this message – proposing savings of about $850 million by cutting unnecessary travel, duplicative programs, and low priority initiatives. The DHS however, must be careful that its new efficiencies do not come at the expense of the valuable security gains our nation has made over the last 10 years.

"DHS has also taken a major step forward in becoming a better steward of the taxpayer dollar by improving the way it manages its finances. Since 2003, the Government Accountability Office has placed DHS's financial management on its 'high risk' list. However, with a lot of hard work

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and the attention of its leadership, DHS now has its accounting system in good enough order to conduct a full financial audit – a first for the Department. Just last year, I joined with Senators Scott Brown and Ron Johnson in introducing legislation that called for the Department to conduct and eventually pass a financial audit, which the Committee adopted as part of the DHS Authorization bill. While DHS must continue to make strides, I commend the Secretary for listening to the advice of Congress and making the Department's financial management a priority.

"The budget also continues to provide valuable grant dollars to our local communities and first responders, so that cities across Delaware and the nation can be better prepared for the next disaster. As a former Governor, I know the importance of these funds to our states, so I have some questions about the Department's proposals to makes significant changes to the grant program. If homeland security begins with hometown security, as the Secretary has stated, then DHS must better communicate the new requirements with state and local partners, as well as Congress, and ensure that the new process adequately addresses security risks in all our communities.

"Bringing balance to our federal budget will be difficult and will require some tough choices. But, just as I know that everything I do, I can do better, the federal government can also do better by making its operations more efficient and effective. I look forward to hearing from Secretary Napolitano about the Department's budget request and her efforts to make DHS work smarter while not compromising security."

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SUBMITTED BY SEN. COLLINS

March 20, 2012

The Honorable Joseph Lieberman, Chairman
Committee on Homeland Security
United States Senate
Washington, DC 20510

The Honorable Susan Collins, Ranking Member
Committee on Homeland Security
United States Senate
Washington, DC 20510

Dear Chairman Lieberman and Ranking Member Collins

The purpose of this letter is to share with you our concerns regarding FEMA's proposal to reform homeland security grant programs. Everyone agrees that we should spend our homeland security dollars where they are needed most in an efficient and effective manner and that we need to improve cooperation and communication among the various agencies and governments involved in making our homeland secure. While we share the goals of using risk assessments and reducing administrative burdens, we do not believe that a decade's worth of work in building the regional governance and collaboration structures of these programs should be discarded in the wholesale fashion proposed without full consideration through congressional reauthorization of the grant programs. Until the preparedness grant programs are reauthorized by Congress, the current grant program structure as authorized by law should be followed.

We, therefore, have serious concerns with FEMA's proposal to convert the current suite of homeland security grant programs into state-administered block and competitive grant programs in which funding decisions are based on state and multi-state threat assessments. Of course, changes are needed in these programs, but the outline for the proposed National Preparedness Grant Program (NPGP) raises serious concerns and questions for those of us at the local level – the ones charged with providing terrorism prevention, protection and first response when an incident occurs. Among our concerns and questions:

- The NPGP proposal moves away from the current regional governance, assessment and strategy based approach to a competitive and individual project based approach that will pit cities, counties and states against each other for funding. This will generate conflict instead of fostering collaboration as is currently the case.

- The NPGP proposal emphasizes nationally deployable assets, thus shifting the emphasis from the full system of prevention, protection, preparedness, response, recovery and mitigation to one that appears to focus on response alone.

- What role will local government officials, local emergency managers, and first responders have in the Threat Hazard Identification and Risk Assessment (THIRA) process so that they can ensure that it includes local concerns? It's important to note that THIRAs are not homeland security plans. They are risk assessments that should be used to help develop plans along with capabilities assessments and gap and sustainment analyses. Since final guidance on THIRAs has not yet been issued by the Department, it is difficult to consider major structural changes to grant programs that would be significantly influenced by the THIRAs.

- Since it is unclear how the funding in the NPGP will be distributed to local areas, how do we ensure that it is used to meet local threats and preparedness gaps? How do we ensure that political considerations do not become the criteria for the distribution of these funds?

- The UASI program ensures that federal funding is used to improve preparedness in high-risk areas, as recommended by the 9/11 Commission. How can DHS ensure that the new NPGP meets this recommendation, if it solely distributes funding based on THIRA examinations performed by states?

Finally, we must ask why such major changes are being proposed without advance consultation with the local governments and full range of first responders charged with preventing, protecting against and responding when incidents – manmade and natural – occur, and why are they being proposed without consulting with -- and in fact in a way that would bypass -- the authorizing committees of jurisdiction in Congress which have worked so hard over the years to craft the current suite of homeland security and preparedness programs.

Following are principles we would urge you to consider in reforming any of the grant programs:

- **Transparency** – How the states are distributing funds, why they are making these decisions, and where the funds are going must be clear and understandable.

- **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.

- **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.

- **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 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.

- **Terrorism Prevention** - We must not lose the current emphasis on supporting law enforcement's terrorism prevention activities. 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 Regionalization** – FEMA's proposal focuses on states and multi-state regions (similar to the FEMA regions). It is important to make sure that the homeland security grants also support preparedness in metropolitan intra-state and inter-state regions.

We look forward to working with you to ensure the transparency, efficiency, and effectiveness of homeland security grants. If we can provide you any further information on this, please contact Laura DeKoven Waxman, Director of Public Safety, The U.S. Conference of Mayors, at (202) 861-6754 or lwaxman@usmayors.org.

Sincerely,

National Association of Counties
National League of Cities
The United States Conference of Mayors
U.S. Council of the International Association of Emergency Managers (IAEM-USA)
International Association of Fire Chiefs
International Association of Fire Fighters
National Volunteer Fire Council
Congressional Fire Services Institute
National Sheriffs' Association
Major County Sheriffs' Association
Major Cities Chiefs Association
National Homeland Security Association

Statement for the Record

The Honorable Janet Napolitano

Secretary
United States Department of Homeland Security

Before the
United States Senate
Committee on Homeland Security and Governmental Affairs

March 21, 2012

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Chairman Lieberman, Ranking Member Collins, and Members of the Committee:

Let me begin by saying thank you to this Committee for the strong support you have provided me and the Department over the past three 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 Committee today to present President Obama's Fiscal Year (FY) 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 frontlines 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

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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 industry 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 (FY) 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 FY 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 frontline priorities in FY 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 FY 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 FY 2013 designed to develop, sustain, and leverage core capabilities across the country in support of national preparedness, prevention, and response. The FY 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

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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 FY 2011, DHS achieved a milestone that is a pivotal step towards increasing transparency and accountability for the Department's resources. For the first time since FY 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 FY 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 systems, 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 FY 2013, DHS expects to save more than $264 million through the use of these contracts.

- *Acquisition Management and Reform:* A major management priority in FY 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 FY 2013 Budget (including all DHS Components) for IT infrastructure is reduced by 10 percent below FY 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

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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 FY 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 FY 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 towards 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 FY 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.

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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 FY 2013 Budget:

Preventing Terrorism and Enhancing Security

Guarding against terrorism was the founding mission of DHS and remains our top priority. The FY 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

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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 FY 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 FY 2013 Budget:

    - Supports trusted traveler programs, such as TSA 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 FY 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 FY 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 FY 2013 Budget also supports initiatives to interdict and apprehend criminals and persons of national security interest, and disrupt those who attempt to enter the U.S. with fraudulent documents.

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- 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 FY 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 outwards while facilitating a more efficient passenger experience. The FY 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 FY 2013 Budget supports DHS's efforts to bolster these efforts.

  - The new FY 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 & 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 multi-modal 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 FY 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.

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- 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 Local[1] Law Enforcement (SLLE):* The FY 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 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 FY 2013 Budget supports the following efforts:

[1] "Local" law enforcement includes all law enforcement at the municipal, tribal and territorial levels.

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- *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 FY 2013 Budget is an increase of $20 million to procure mobile rad/nuc detection technology for frontline 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 FY 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 Agro-Defense 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 FY 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.

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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 FY 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 *FY 2010 Emergency Border Security Supplemental Act* (P.L. 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 FY 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 U.S.-Canada Beyond the Border Plan, which articulates a shared vision to work together to address threats at the earliest point possible while

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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 FY 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 2 Fast Response Cutters, funding for a Maritime Patrol Aircraft, 4 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 2 Maritime Patrol Aircraft, 30 45-ft Response Boats-Medium, and 2 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 non-detained 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 FY 2013 Budget includes funding to complete nationwide deployment in FY 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.

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- *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 health care 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 FY 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.

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- *Immigrant Integration:* The FY 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 FY 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 FY 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 FY 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 FY 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.

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- *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 FY 2015.

- *Cybersecurity Workforce:* The FY 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 FY 2013 Budget includes $64.5 million for S&T's research and development focused on strengthening the Nation's cybersecurity capabilities.

- *Cyber Investigations:* The FY 2013 Budget continues to support cyber investigations conducted through the Secret Service and ICE. In FY 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 declared 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 FY 2013 to create a robust national response capacity based on cross-jurisdictional and readily deployable State and local

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assets. The FY 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 FY 2013 Budget includes $2.9 billion for State and local grants, over $500 million more than appropriated by Congress in FY 2012. This funding will sustain resources for fire and emergency management grants while consolidating all other grants into the new, streamlined National Preparedness Grant Program (NPGP). The FY 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 FY 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 FY 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 FY 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 FY 2013 to seek authority to waive these restrictions.

- *Emergency Management Performance Grants (EMPG):* The FY 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 FY 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.

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- *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 FY 2013 Budget includes $120 million for three interrelated mitigation grant programs to increase America's resiliency to floods.

- *Training/Exercises:* The FY 2013 Budget includes $183.5 million for training and exercise activities to support Federal, State, and local officials and first responders. In FY 2013, the Department expects to train more than 100,000 first responders and will begin the first full two-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 FY 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 re-activated in 2013).

- *Arctic Mission Support:* New funding is requested for recapitalization and expansion of helicopter hangar facilities in Cold Bay and recapitalization of aviation re-fueling 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.

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- *Protect Trade & Intellectual Property Rights Enforcement:* The FY 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 FY 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 frontline 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 FY 2013 Budget Request and other homeland security issues.

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Post-Hearing Questions for the Record
Submitted to the Honorable Janet A. Napolitano
From Senator Joseph I. Lieberman

"The Homeland Security Department's Budget Submission for Fiscal Year 2013"
March 21, 2011

Question#:	1
Topic:	administrative savings
Hearing:	The Homeland Security Department's Budget Submission for Fiscal Year 2013
Primary:	The Honorable Joseph I. Lieberman
Committee:	HOMELAND SECURITY (SENATE)

Question: Your written testimony indicates that the FY 2013 budget request includes $850 million in proposed administrative savings. Please provide a detailed breakdown of these savings within each Departmental office or component by the category of savings (e.g. travel, training, professional services, vehicle management).

Response: 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 frontline priorities in FY 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, 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.

A detailed breakout of the proposed administrative savings table is attached to this document.

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FY 2013 Operating and Management Efficiency Savings (dollars in thousands)

Category	DMO	A&O	OIG	CBP	ICE	TSA	USCG	USSS	NPPD	OHA	FEMA	USCIS	FLETC	S&T	DNOO	WCF	Total
Personnel Compensaton/FTE	1,935	3,335	-	55	38,573	-	-	-	-	30	-	-	783	-	-	-	**44,711**
Personnel Benefits	829	-	-	18	-	-	-	-	-	-	500	-	-	-	-	-	**1,347**
Overtime	79	-	-	520	10,045	2,000	2,384	5,510	-	-	-	-	1,001	-	-	-	**21,539**
PCS Moves	192	72	70	3,730	2,366	-	13,921	4,332	144	43	-	-	2,203	-	-	-	**27,073**
Temporary Duty	1,425	777	992	18,261	10,964	12,521	9,662	14,666	1,480	108	1,646	-	72	100	-	20	**72,694**
Rent, Comm., & Utilities	-	-	-	2,610	6,873	2,100	-	-	524	-	17,392	-	1,950	-	-	-	**31,449**
Supplies & Materials	242	178	-	700	11,405	576	-	-	386	-	8	-	-	-	-	-	**13,495**
Printing & Reproduction	366	-	-	34	-	-	-	-	-	-	-	-	-	-	-	-	**400**
Other Contractual Services	13,492	8,490	-	20,363	61,469	35,221	-	145	8,839	5,834	15,367	-	-	463	611	-	**170,294**
Advisory & Assistance Contracts	10,358	3,962	1,237	-	-	54,000	-	-	-	-	403	30	-	-	3,711	-	**73,701**
Fleet Acquisition & Management	78	81	-	41,221	11,201	2,612	1,604	3,742	-	-	-	-	144	-	-	-	**60,683**
Supplies & Materials	-	-	-	31,543	9,190	43,317	15,883	-	-	1,199	5	-	321	-	-	-	**101,458**
O&M of Equipment	7,183	-	-	-	7,359	-	4,164	-	-	-	-	-	-	-	-	-	**18,706**
Directed Purchasing Savings: Equipment	3,417	-	-	-	19,585	-	-	-	-	-	-	-	-	-	-	-	**23,002**
Directed Purchasing Savings: Services	-	-	-	-	-	-	-	3,488	12,402	-	-	-	-	-	1,103	-	**16,993**
Strategic Sourcing Initiatives: Equipment	248	183	-	6,741	6,700	333	-	3,431	284	74	-	-	106	-	-	-	**18,100**
Equipment	-	773	-	694	12,473	6,751	-	-	-	-	3,116	-	250	-	-	-	**24,057**
IT, Includes (O&M & IT Infrastructure)	-	-	-	12,543	29,400	13,200	6,800	2,400	-	-	-	-	-	-	836	-	**65,179**
Conferences	-	-	-	-	-	2,000	-	-	-	-	-	-	-	-	-	-	**2,000**
Repairs & O&M Facilities	30	-	-	5,000	-	938	-	-	-	-	7,241	-	3,071	-	-	-	**16,280**
O&M Equipment	56	-	-	-	-	3,638	-	-	-	-	600	-	-	-	-	-	**4,294**
Logistics Functions	-	-	-	-	-	-	1,881	-	-	-	-	-	-	-	-	-	**1,881**
USCG Operating Expenses*	-	-	-	-	-	-	44,001	-	-	-	-	-	-	-	-	-	**44,001**
Totals	**39,930**	**17,851**	**2,299**	**144,033**	**237,603**	**179,207**	**100,300**	**37,714**	**24,059**	**7,288**	**46,278**	**30**	**9,901**	**563**	**6,261**	**20**	**853,337**

*USCG Operating Expenses: The savings reflected here include programmatic reductions of $44.1M that consist of consolidations and/or scaling of Coast Guard activities.

Question#:	2
Topic:	Budget Control Act
Hearing:	The Homeland Security Department's Budget Submission for Fiscal Year 2013
Primary:	The Honorable Joseph I. Lieberman
Committee:	HOMELAND SECURITY (SENATE)

Question: In your remarks at the hearing you discussed the potential impact of additional cuts of $3 billion to the budget for the Department of Homeland Security due to sequestration under the Budget Control Act. Please describe in additional detail the potential impact of such cuts on the Department's front line operations, including with respect to potential increases to wait times at US ports of entry and TSA passenger screening checkpoints, and the efficacy of investigative activities within components such as ICE and the US Secret Service

Response: 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 FY 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 FY 2013 appropriations are enacted by Congress.

In order to sustain frontline operations in coming years while facing declining budgets, the Department has been implementing significant reductions to administrative and mission support functions over the past three years. To date, we have 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 frontline 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 cyber security infrastructure that has been developed in recent years.

- An 8 percent cut would take the Department below Fiscal Year (FY) 2009 levels, which pre-dates the significant surge of resources along the Southwest Border, the deployment of new screening technologies at airports, the development of the cyber infrastructure to protect federal networks and support to the private sector in preventing and responding to cyber attacks.

- An 8 percent cut translates to over $3 billion in reductions to DHS activities and requirements. This cut is larger than the combined budgets of FLETC, S&T, DNDO, OHA, Analysis and Operations, and departmental management, which is $2.7 billion.

73678.029

Question#:	3
Topic:	budget request 1
Hearing:	The Homeland Security Department's Budget Submission for Fiscal Year 2013
Primary:	The Honorable Joseph I. Lieberman
Committee:	HOMELAND SECURITY (SENATE)

Question: The FY 2013 budget request for DHS includes a number of cuts to capital investment, which will necessitate that equipment and IT infrastructure will be used longer than its originally projected useful service life. This will likely lead to an increase in maintenance costs for such equipment and could have a negative mission impact. For example, CBP told Committee staff prior to the hearing that they expect that cuts to reinvestment in IT infrastructure are going to mean that their IT network availability will drop from 99.87% to 98% -- in other words, their systems will be out for more than 3 hours a week on average, which could have a severe impact on operations at ports of entry and maritime cargo ports. TSA is also now planning to use numerous types of screening equipment beyond their planned service life. The Department is still going to need to replace this equipment and IT infrastructure within the next few years, and this backlog of capital expenditures will only grow as investments are deferred.

What is the Department's plan for minimizing the negative impact of these deferred capital investments?

The Office of Management and Budget projects that the Department's overall discretionary budget will grow only modestly in nominal terms in the next five years, and in real terms will essentially be flat. Given this projection, and the fact that the Department's management-related and mission support costs have already been substantially cut in the last several years, how will the Department pay for its growing capital investment backlog in the next five years? Will cuts need to be made elsewhere in the Department's budget, including for frontline operations?

Response: In the current fiscal environment, DHS must preserve essential frontline operations to continue to carry out its critical mission. The Department will continue to distinguish between investments that must be made today, and those that can be deferred. This requires making smart choices about our capabilities and making selective additional investments to fulfill our homeland security missions. The Department must carefully direct its investments, balancing reductions necessitated by resource pressures with the imperative to maintain existing capabilities and to field promising emerging technologies/systems that may provide significant long-term benefits. Affordability is a key consideration in acquisition oversight and discussed at each key acquisition decision event meeting. Additionally, the Department will continue to implement strategies to improve the efficiency of budget execution by cutting costs, leveraging resources, and consolidating and streamlining front-line operations.

73678.030

Question#:	4
Topic:	budget request 2
Hearing:	The Homeland Security Department's Budget Submission for Fiscal Year 2013
Primary:	The Honorable Joseph I. Lieberman
Committee:	HOMELAND SECURITY (SENATE)

Question: The Administration's FY 2013 budget request proposes to move three offices – the Office of International Affairs, Office of State and Local Law Enforcement, and the Private Sector Office – out of the headquarters-level Office of Policy and make each of them standalone offices, reporting directly to the Secretary.

What is the rationale for this proposal from a mission standpoint, and why is the Department unable to accomplish the proposal's objectives (as described in DHS budget documents) under the current organizational structure?

Response: The Private Sector Office (PSO), the Office of International Affairs (OIA), and the Office for State and Local Law Enforcement (OSLLE) can best execute their responsibilities through a similar structure to other external facing outreach offices such as the Office of Public Affairs (OPA). As the Department continues to mature and these offices continue to take on more significant responsibilities across the Department, it is appropriate for them to become direct reports to the Secretary. The reorganization improves efficiency by more clearly identifying the role of these offices. All three offices will be able to better coordinate across all Components.

Question: If this proposal were implemented, will it lead to any net increases in administrative costs, due to the need for personnel in each office to handle HR issues, travel, scheduling, compliance issues, etc.? If not, how will these functions be carried out within each new standalone office? Will staff who currently have programmatic roles need to take on these responsibilities?

Response: The Undersecretary for Management (USM) already provides the Office of Secretary and Executive Management administrative services, including budget, human resource and logistical support. With the reorganization, all entities within the Office of Secretary and Executive Management will continue to receive administrative support from the USM. Neither redundancy nor loss of scale economies will occur during this transition, and the workload will remain constant for USM.

Question: The proposal would separate international "policy" activities from international "engagement and operations". What is the distinction between these two types of activities, and how would the Department ensure that such a bifurcation of international activity would not be confusing to partner nations?

73678.031

Question#:	4
Topic:	budget request 2
Hearing:	The Homeland Security Department's Budget Submission for Fiscal Year 2013
Primary:	The Honorable Joseph I. Lieberman
Committee:	HOMELAND SECURITY (SENATE)

Response: The Office of Policy will continue to lead strategic initiatives as well as the development and formulation of short term and long term DHS policy that has a cross departmental nexus. The Office of Policy will continue to evolve to provide more long term, strategic planning for the Department, supported by the enhancements of the risk management functions the appropriators redirected to Policy in FY 2012. The Office of International Affairs will continue to lead and coordinate DHS interaction with the international community. OIA will support the Office of Policy in the development of policy that may impact the international community.

Question: If these three offices were established as direct reports to the Secretary, should the Assistant Secretaries who lead them be required to be Senate confirmed (consistent with Section 103(a)(9) of the Homeland Security Act), given that they would no longer report to another Senate-confirmed official (the Assistant Secretary for Policy) below the level of the Secretary?

Response: At this time, we do not believe there is a need for the Assistant Secretaries who lead OIA, OSLLE and PSO to be Senate confirmed positions, much like the Assistant Secretaries for IGA and OLA that have similar outreach functions and report directly to the Secretary.

Question#:	5
Topic:	fusion centers
Hearing:	The Homeland Security Department's Budget Submission for Fiscal Year 2013
Primary:	The Honorable Joseph I. Lieberman
Committee:	HOMELAND SECURITY (SENATE)

Question: The Department has placed a significant and laudable priority in the last several years on supporting state and local fusion centers, although the precise level of support has not often been made clear to Congress. Many state and local governments also expend significant amounts of their own money supporting fusion centers.

For each of the two most recent fiscal years (FY 2010 and FY 2011), how much has the Department expended to provide direct support to fusion centers in FEMA grant funds?

Response: In FY 2010, State Administrative Agencies provided approximately $74.3 million in homeland security grant funds to support fusion center-related activities.[1] FY 2011 grant funding expenditure data will not be available until September 2012 due to annual grant reporting cycles.

Question: For each of the two most recent fiscal years (FY 2010 and FY 2011), how much has the Department expended to provide direct support to fusion centers each of these categories: (a) deployment of personnel from DHS Intelligence and Analysis and DHS operational components (ICE, TSA, etc.); (b) deployment of classified connectivity to the Homeland Secure Data Network; (c) training activities; and (d) other direct support.

Response: As state and local entities, fusion centers are staffed by state and local personnel and receive the majority of their funds from state and local governments; however, they receive support from DHS in the form of deployed personnel, training, technical assistance, exercise support, security clearances, connectivity to federal systems, technology, and grant funding. DHS Office of Intelligence & Analysis (I&A) collected data on the Department's Fiscal Year (FY) 2011 expenditures and personnel commitments in support of the National Network of Fusion Centers (fusion centers).

a) **Deployment of DHS personnel (full and part time) from DHS Intelligence and Analysis (I&A) and DHS operational components to fusion centers.** DHS I&A has deployed Regional Directors, Intelligence Officers, Reports Officers, and Intelligence Analysts to support fusion

[1]This data represents the self-reported information by State grantees based upon a keyword search and has not been independently validated. Other information sharing related projects may also be contained in this self reported information (i.e. interoperable communications or CIKR protection).

73678.033

Question#:	5
Topic:	fusion centers
Hearing:	The Homeland Security Department's Budget Submission for Fiscal Year 2013
Primary:	The Honorable Joseph I. Lieberman
Committee:	HOMELAND SECURITY (SENATE)

centers. DHS operational components have also deployed personnel that directly support fusion centers, based upon jurisdictional needs.

In FY 2010 there were 74 I&A intelligence personnel deployed to fusion centers.

In FY 2011 there were 95 I&A personnel, 24 CBP personnel, 24 ICE personnel, 11 TSA personnel, 4 USSS personnel, 1 USCG person, and 1 FPS person deployed to fusion centers on a full and part time basis.

b) **Deployment of classified connectivity to the Homeland Secure Data Network (HSDN).** I&A has worked to deploy HSDN to fusion centers to ensure they have the capability to receive federally generated—SECRET-level—classified threat information. In FY 2010, HSDN was deployed to 42 fusion centers at a cost of $4,328,000 for the deployment and associated operations and maintenance (O&M). In FY 2011, HSDN was deployed to an additional 19 fusion centers—for a total of 61—at a cost of $3,468,229 for the deployment and associated O&M.

c) **Training, technical assistance, and exercise activities.** DHS delivers training and technical assistance to fusion center personnel though a variety of mechanisms, including mobile training teams deployed to the field, web-based modules, and topic-specific workshops and exercises.

d) **Other direct support**. DHS funds management, administrative, and programmatic activities that are necessary to support fusion center operations. These costs include unclassified IT equipment, secure voice communication devices, safes, and security clearance sponsorship costs for state and local personnel assigned to fusion centers. In FY 2011, $3,342,297 was spent on these activities.

Question: In each of these two years, how much does the Department estimate that state and local governments have contributed from their own funds or resources (including for deployed personnel) to support state and local fusion centers?

Response: Fusion centers are owned and operated by state and local government entities and the vast majority of personnel and funds supporting fusion centers come directly from state and local government budgets. DHS does not have precise knowledge of what state and local governments spend on fusion centers; however, as part of the FY 2012

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Question#:	5
Topic:	fusion centers
Hearing:	The Homeland Security Department's Budget Submission for Fiscal Year 2013
Primary:	The Honorable Joseph I. Lieberman
Committee:	HOMELAND SECURITY (SENATE)

Homeland Security Grant Program Guidance, all primary and recognized fusion centers will be required to submit cost information as part of the annual Fusion Center Assessment.

In the FY 2011 Fusion Center Assessment, 60 fusion centers provided data on their operational costs and the number of state and local personnel assigned to their centers. In FY 2011, the total state and local expenditures used to support those 60 fusion centers was reported as approximately $117 million including more than 1,600 state and local personnel assigned to those fusion centers. The referenced expenditures do not include any federal funds to support fusion centers.[2]

[2] The data reported represents only an estimate of state and local expenditures on fusion centers. The inherent joint nature of fusion centers, often staffed with personnel from other local agencies, hinders fusion center directors' ability to report a complete picture of personnel costs. In addition, fusion centers provided inconsistent levels of detail and completeness in their responses to the 2011 Fusion Center Assessment.

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Question#:	6
Topic:	S&T's budget
Hearing:	The Homeland Security Department's Budget Submission for Fiscal Year 2013
Primary:	The Honorable Joseph I. Lieberman
Committee:	HOMELAND SECURITY (SENATE)

Question: The Strategic Implementation Plan for Countering Violent Extremism, released by the White House in December 2011, tasks the Department's Science and Technology Directorate (S&T) with carrying out "sponsored research on violent extremism in the United States" and notes that S&T funds have supported more than 25 reports on the topic in the last three years. I understand that new work in this area has been stopped due to the substantial cuts to S&T's budget in FY 2012.

If S&T receives its full FY 2013 request, does it plan to resume work in this area at the previous capacity?

If not, how will DHS fulfill its responsibility to the White House with respect to research on violent extremism as mandated in the Strategic Implementation Plan?

Response: In Fiscal Year 2012 all funding for the Actionable Indicators and Countermeasures Project was eliminated due to the significant reduction in S&T's budget.

The S&T Fiscal Year 2013 budget request allocates $1.9 million to the Actionable Indicators and Countermeasures Project to enable S&T to continue its research on violent extremism as assigned in the Strategic Implementation Plan for Empowering Local Partners to Prevent Violent Extremism in the United States. This level of funding would also allow S&T to restart TEVUS data collection efforts and begin evaluations of programs focused on countering violent extremism, but would not support the analysis of terrorist rhetoric or longitudinal surveys. While the work on the TEVUS database would recommence, deliverables such as the recent report on "Hot Spots of Terrorism and Other Crimes in the United States" would be delayed while the data collection is completed. The fully integrated database and its web interface would be completed in Fiscal Year 2015, approximately one year later than originally forecasted.

73678.036

Question#:	7
Topic:	research
Hearing:	The Homeland Security Department's Budget Submission for Fiscal Year 2013
Primary:	The Honorable Joseph I. Lieberman
Committee:	HOMELAND SECURITY (SENATE)

Question: The President's request for FY 2013 seeks a total of $1.15 billion for the Department's two research, development, testing and evaluation (RDT&E) and standards agencies – $831 million for the Directorate of Science and Technology (S&T) and $327 million for the Domestic Nuclear Detection Office (DNDO). Significantly, the FY 2013 request conveys the Department's decision to suspend its two-year effort to consolidate many R&D activities conducted by DNDO into a division of S&T focused on developing countermeasures to all aspects of the nuclear terrorist threat, including prevention, response, mitigation and recovery. This policy choice will leave DHS with two RDT&E agencies that operate comparable testing, evaluation and standards programs.

Why did the Department reverse its decision to transfer the planning, management, and funding of DNDO's Transformational R&D programs to S&T and use that funding to reestablish a Nuclear and Radiological Countermeasures Division in S&T?

In an era of constrained budgets, what factors persuade you that DHS can afford to sustain duplicative RDT&E agencies, and why do you believe the costs of this organizational redundancy will be justified by the benefits delivered to the Department's operational agencies?

What steps will the Department take to mitigate the risks associated with relying on a fragmented approach to planning and managing R&D investments designed to improve existing DHS radiation detection and non-intrusive inspection capabilities?

Response: The FY 2013 budget keeps funding for Transformational Research and Development in DNDO, consistent with Congressional direction in FY 2011 and 2012, to support the integration of research, development, and operational considerations for rad/nuc detection technologies.

The TAR program is linked to DNDO's rad/nuc mission, including programs focusing on issues such as nuclear forensics and the development of the Global Nuclear Detection Architecture. The integration this provides enables rad/nuc subject matter experts to better prioritize near-term R&D needs associated with closing gaps in the Global Nuclear Detection Architecture.

Question#:	8
Topic:	AOS
Hearing:	The Homeland Security Department's Budget Submission for Fiscal Year 2013
Primary:	The Honorable Joseph I. Lieberman
Committee:	HOMELAND SECURITY (SENATE)

Question: The President's request includes a reduction of $6.2 million for S&T's Acquisition and Operations Support (AOS) Division, an office that provides critical support to ongoing efforts to reduce cost overruns and performance failures in the Department's major acquisition programs.

Given the strategic importance of ensuring the success of the Department's major acquisition programs, what is the rationale for reducing funding for this S&T office, which was established to help DHS agencies plan, manage and engineer the development of complex systems and make better use of existing homeland security technologies?

What steps will DHS take in FY 2013 to mitigate the risk that this proposed reduction will hinder S&T's ability to provide the DHS Acquisition Review Board with timely and independent assessments of the operational testing conducted in support of Level I and Level II investments?

Response: The proposed reduction to the Science and Technology Directorate's (S&T) Acquisition and Operations Support (AOS) budget does not affect any of the programs that support acquisition or operational testing and evaluation, as the large reduction in S&T's budget since Fiscal Year 2010 caused S&T to terminate several projects funded in AOS.

Acquisition Support and Operations Analysis Group (ASOA) provides DHS with a full range of coordinated policy, guidance, processes, products, and outreach in systems analysis, research and development testing and evaluation, as well as operational testing and evaluation and standards. Working with the Under Secretary for Management, ASOA leverages the S&T's critical mass of scientific and engineering expertise to ensure DHS develops and/or procures technologies that work as expected, and are delivered or transitioned on time and on budget. Specifically ASOA applies its expertise in the following ways:

- Assist Component research and development and acquisition programs to apply a systems analysis approach to develop high-fidelity, testable operational and capability requirements on the "front end." The approach allows Components to understand their operational context and to properly identify a capability or operational need.

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Question#:	8
Topic:	AOS
Hearing:	The Homeland Security Department's Budget Submission for Fiscal Year 2013
Primary:	The Honorable Joseph I. Lieberman
Committee:	HOMELAND SECURITY (SENATE)

- Assist research and development and acquisition programs to apply a research and development test and evaluation approach to support sound project definition, development, execution, as well as transition or acquisition planning. By effectively framing the operational issues, programs are better able to respond with appropriate technologies or knowledge products.
- Develop, promote, and facilitate a rigorous systems engineering process to institutionalize a "systems thinking" approach to programs and increase efficiency in transforming customer needs and requirements into operational capabilities. By applying a well-defined and consistent approach from concept definition to deployment we can increase the likelihood of transition.
- Partner with the Components throughout an acquisition so user needs are translated into capabilities that can be validated upon delivery and deployed without delay.

The Under Secretary for Science and Technology and the Under Secretary for Management are committed to making significant improvements in the Department of Homeland Security (DHS) acquisition process and are devoting resources to this end. S&T will be engaged in the "front end" of the acquisition cycle, beginning with reviewing the adequacy of technology requirements. In addition, S&T participates in the DHS Investment Review Boards, which are the highest DHS acquisition decision-making forums for acquisition programs Through this mechanism, S&T is able to provide input into the acquisition decision-making body regarding the technological and testing readiness of Component acquisition programs before they advance to the next phase of the acquisition process.

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Question#:	9
Topic:	biographic data
Hearing:	The Homeland Security Department's Budget Submission for Fiscal Year 2013
Primary:	The Honorable Joseph I. Lieberman
Committee:	HOMELAND SECURITY (SENATE)

Question: Secretary Napolitano, you wrote to the Committee in 2011 laying out the Department's path forward concerning the creation of an exit system that focused on enhancing DHS's ability to match biographic data in the short term and to work towards being able to implement a biometric system. At a hearing last year on border security issues, you also testified about the need to improve our ability to detect and find individuals who overstay their visas. Knowing whether someone exited the country is a critical first step. However there does not appear to be any funding for exit—biographic or biometric—in the Department's FY 2013 budget request.

Can you explain why the FY 2013 budget request does not include any funding for an exit system?

In February 2012, John Cohen, the department's deputy counter terrorism coordinator, testified before a House Committee that the Department would present a plan for implementing biometric exit to Congress "within weeks." How will the lack of funding in FY 2013 for exit affect this plan?

Response: The FY12 DHS Appropriations Act appropriated $9.4M for development of a comprehensive plan for implementation of biometric air exit and improvements to biographic entry-exit capabilities. This money will be used during the next year for development of an enhanced biographic exit program, in accordance with the biometric exit plan that was provided to Congress in May 2012 and its accompanying reprogramming requests. In addition, the FY13 budget request included development of the enhanced biographic exit program, in accordance with the biometric exit plan provided to Congress in May 2012. The first phase of the development of the Canada entry/exit system, as outlined in the Beyond the Border action plan, is a pilot program with minimal cost.

Question#:	10
Topic:	overtime expenses
Hearing:	The Homeland Security Department's Budget Submission for Fiscal Year 2013
Primary:	The Honorable Joseph I. Lieberman
Committee:	HOMELAND SECURITY (SENATE)

Question: The President's budget request proposes to cut $21 million in funding for overtime expenses associated with inspections at the air, land and sea ports of entry. CBP further notes that it will "mitigate this reduction through the increased COBRA user fee collections due to increased travel and the removal of the COBRA exemption for select countries." The Committee is not aware of any appropriated dollars funding CBP Officers' overtime—only COBRA user fees.

Please provide the Committee with a detailed explanation of this proposal, including how many hours of "Field Operations Overtime" (inspectional overtime at the POEs) is funded through appropriations (and not user fees), and how CBP will ensure that any overtime reductions do not adversely impact port operations.

Response: U.S. Customs and Border Protection (CBP) is committed to ensuring the security of our nation's borders, while continuing to facilitate legitimate travel and trade in the most effective manner possible. CBP recognizes that in light of the current fiscal environment, and the constraints of the Budget Control Act, additional resources and staffing at our ports of entry may not be addressed through appropriation. Therefore, to continue to support frontline personnel, ensure the security of our Nation's borders, and facilitate travel and trade, CBP is implementing a multi-pronged approach to address staffing shortfalls by: (1) maximizing the use of current resources through overtime and optimal scheduling practices; (2) pursuing alternative sources of financing through legislative proposals supporting reimbursement authority and recover more costs from user fees; and (3) continuing to implement business transformation initiatives to reduce costs and mitigate staffing requirements.

CBP has developed a robust, integrated long-term strategy for improving port operations and ensure overtime funding is used effectively. To that end, CBP is engaged in a series of business transformation initiatives. These initiatives involve reassessing core processes, incorporating technology enhancements, assessing utilization of law enforcement staffing, and developing additional automation efforts. Efficiencies that have already been implemented, such as the Western Hemisphere Travel Initiative (WHTI), Radio Frequency Identification (RFID)-enabled documents and License Plate Readers (LPRs), Trusted Traveler Programs, and Non-Intrusive Inspection (NII) equipment have created a workforce multiplier equivalent to nearly 7,000 CBPOs, roughly $858 million in 2012 costs.

The President's Budget Request for FY 2013 includes a legislative proposal to provide CBP with reimbursement authority for enhanced CBP services, which would authorize CBP to enter into reimbursable fee agreements to provide services in response to private sector and state and local requests. Examples of enhanced CBP services include supporting new airline arrival schedules outside of core operating hours or at new locations.

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Question#:	11
Topic:	VWP
Hearing:	The Homeland Security Department's Budget Submission for Fiscal Year 2013
Primary:	The Honorable Joseph I. Lieberman
Committee:	HOMELAND SECURITY (SENATE)

Question: What is the current status of the Department of Homeland Security's review of Taiwan's nomination for inclusion in the Visa Waiver Program? What actions have already been undertaken by DHS as part of this review, and what further actions are required?

Response: Following the State Department's December 2011 nomination of Taiwan for consideration for Visa Waiver Program (VWP) designation, the Department of Homeland Security (DHS) is conducting, as required by law, a comprehensive initial designation review to assess the impact that Taiwan's possible VWP designation would have on U.S. security, law enforcement, and immigration enforcement interests. As a part of this review, a team of DHS subject matter experts traveled to Taiwan from March 5-9 to conduct an in-depth site visit. The results of that review will be consolidated with additional information from DHS and other U.S. Government agencies in the months ahead to produce the final report.

Post-Hearing Questions for the Record
Submitted to Secretary Janet Napolitano
From Senator Tom Coburn

"The Homeland Security Department's Budget Submission for Fiscal Year 2013"
March 21, 2012

Question#:	1
Topic:	unspent funds
Hearing:	The Homeland Security Department's Budget Submission for Fiscal Year 2013
Primary:	The Honorable Tom A. Coburn
Committee:	HOMELAND SECURITY (SENATE)

Question: In response to my question about whether any portion of the $8.3 billion in unspent funds would be returned to the Treasury, you stated that you "thought that is part of the [DHS and FEMA] guidance" that money that is not spent by the June deadline should be returned. Can you please provide me with a summary of DHS's efforts to recoup unspent grant funds, including funds that have not been spent from FY2007?

Response: On February 13, 2012, DHS issued key grant guidance titled *"Guidance to State Administrative Agencies to Expedite the Expenditure of Certain DHS/FEMA Grant Funding."* This guidance was designed to support grantee efforts to put grant funding to work quickly by addressing immediate needs and building core capabilities that will support long-term preparedness. These measures apply to FY 2007-2012 grant funding. To ensure that continuous and consistent drawdown occurs moving forward, DHS/FEMA plans to include efficient execution of grant funds as a measure of effectiveness in FY 2013 and beyond.

The grant guidance directed that subject to certain exceptions, grantees are required to take steps to expend, draw down and close out DHS/FEMA grant funding. If those funds have not been spent by the dates outlined below, DHS/ FEMA will reclaim them to the extent permitted by law.

- All FY 2007 grant funding must be spent by June 30, 2012
- All FY 2008 and 2009 grant funding must be spent by September 30, 2012[1]
- All FY 2010 funding must be spent by September 30, 2013
- All FY 2011 and FY 2012 funding must be spent by the end date cited on the award agreement.

[1] This excludes any open FY 2008 and FY 2009 award that received an extension from FEMA which goes beyond September 30, 2012, as of January 1, 2012

Question#:	1
Topic:	unspent funds
Hearing:	The Homeland Security Department's Budget Submission for Fiscal Year 2013
Primary:	The Honorable Tom A. Coburn
Committee:	HOMELAND SECURITY (SENATE)

To meet these deadlines, State Administrative Agencies (SAAs) and other grantees should work collaboratively and transparently with sub-recipients of DHS/FEMA grants. Agencies are encouraged to reduce administrative hurdles that can delay expenditure of funds, as well as decrease delays between receipt of invoices and expenditure of corresponding funds. In addition, agencies should implement programmatic safeguards to protect against unnecessary delays that would otherwise extend current spending timelines beyond the deadlines established in the memorandum.

Once the deadlines listed above have passed, FEMA's Grant Programs Directorate (GPD) will initiate actions to officially close the grants. The grantee is required to submit final grant documentation (final SF425, final Bi-Annual Strategy Implementation Report BSIR etc.). Following this, funding that remains in the account will be deobligated and returned to the Treasury.

Question#:	2
Topic:	delays
Hearing:	The Homeland Security Department's Budget Submission for Fiscal Year 2013
Primary:	The Honorable Tom A. Coburn
Committee:	HOMELAND SECURITY (SENATE)

Question: In your testimony, you cite delays in required administrative and review processes as one of the main reasons why $8.3 billion in unspent grant funds remain from prior years. Please then explain why does the agency's February 13 guidance issued to states on this matter allow states to "reprioritize" the use of previously appropriated funds and cite "the need for fiscal stimulus" as a rationale for spending these funds?

Response: There are a variety of factors contributing to awarded-yet-unspent grant funds, several of which FEMA has addressed directly by reducing administrative requirements, streamlining the grant budget review process and simplifying the Environmental and Historical Preservations (EHP) Reviews. Even with the reduced administrative requirements and streamlined review processes, DHS recognizes the continued and evolving threats our communities continue to face. As such, DHS supports allowing grantees to reprioritize their grant money in order to provide additional flexibility in accelerating spending of remaining FY 2007 – FY 2012 grant funds. Allowing for a reprioritization in spending addresses immediate needs and helps in continuing to build core capabilities that will support our communities, and nation's, overall preparedness.

Question#:	3
Topic:	NPGP I
Hearing:	The Homeland Security Department's Budget Submission for Fiscal Year 2013
Primary:	The Honorable Tom A. Coburn
Committee:	HOMELAND SECURITY (SENATE)

Question: Regarding the proposed National Preparedness Grant Program (NPGP), can you please describe what portion of funding awards will be based on a population-based formula, and what portion will be awarded on a competitive basis? Please describe the process that will be used to allocate the competitive portion of funding available under the new National Preparedness Grant Program.

Response: As we look ahead, in order to address evolving threats and make the most of limited resources, FEMA proposed a new vision for homeland security grants in the FY 2013 President's budget that focuses on building and sustaining core capabilities associated with the five mission areas within the National Preparedness Goal (NPG) that are readily deployable and cross-jurisdictional, helping to elevate nationwide preparedness. This proposal reflects the lessons we've learned in grants management and execution over the past ten years. Using a competitive, risk-based model, this proposal envisions a comprehensive process to assess gaps, identify and prioritize 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. FEMA continues to solicit input from stakeholders in order to refine the NPGP vision and ensure that the program meets the needs of the state, local, tribal, and territorial first responder community. The final determination of which portions of funding will be competitive will be based on input that we receive from stakeholders and Congress.

The NPGP would provide an opportunity for all SAAs and UAs to apply for competitive funding to address regional priorities and capability gaps as identified in each FEMA regional THIRA. Applicants would submit a statewide application, coordinated by the SAA that describes how a proposed project could fill an identified capability gap. Proposals for capabilities would be evaluated by a national review panel on the ability for a jurisdiction to build, maintain, and sustain the capability as a nationally deployable resource that would benefit multiple jurisdictions and enhance the relevant core capabilities for the region. Priority would be placed on regionally and nationally deployable assets that could be shared through the EMAC and other interstate and intrastate mutual aid agreements. The "Protection of Critical Infrastructure and Key Resources" focus area would be awarded as fully competitive and based on the combination of a panel review and a risk formula developed in conjunction with the U.S. Coast Guard (USCG) and Transportation Security Administration (TSA).

Question#:	4
Topic:	NPGP 2
Hearing:	The Homeland Security Department's Budget Submission for Fiscal Year 2013
Primary:	The Honorable Tom A. Coburn
Committee:	HOMELAND SECURITY (SENATE)

Question: Your written testimony indicated that the new NPGP program "utilizes gap analyses to determine asset and resource deficiencies." What policies or guidance does FEMA have in place regarding how such analyses are to be conducted? Will the gaps be assessed by the federal or state or local levels of government?

Response: FEMA's Comprehensive Preparedness Guide 201: Threat and Hazard Identification and Risk Assessment (THIRA) Guide, released April 4, 2012, highlights the need for jurisdictions to continually assess their capabilities, plans, and programs. The guide lays out a five-step process on how to execute the THIRA, which is adaptable to a jurisdiction's needs and resources. The THIRA enables jurisdictions to identify the greatest threats and hazards of concern, provide context for the threats and hazards that exploit jurisdictional vulnerabilities, and identify the core capabilities and target levels required to prevent, protect against, mitigate, respond to, and recover from the threats and hazards a jurisdiction faces.

FEMA created and published a toolkit as a companion to CPG 201. This toolkit provides resources and information, data sources, and templates to ensure that all threats and hazards, as well as their impacts across the whole community, are reflected in a comprehensive THIRA. FEMA is also developing THIRA technical assistance packages and associated materials to help ensure all members of the whole community, including local governments, understand the THIRA and their significant role in the process.

At the national level, we will assess core capabilities through a process that incorporates a range of recurring evaluation activities culminating in the annual National Preparedness Report, such as annual Federal performance measurement processes, annual State preparedness reviews, discipline-specific preparedness assessments, risk assessments, gap analyses in the critical infrastructure sectors, and baseline assessments of fusion center capabilities.

Whole community partners play a growing, significant role in assessing core capabilities. For instance, whole community partners engage in the yearly State Preparedness Report (SPR) process that includes all relevant disciplines, such as emergency management, public health and medical, law enforcement, fire service, emergency medical services, and public works. Furthermore, private sector organizations engage in annual assessments and reporting on critical infrastructure protection and resilience, which helps the Nation understand the progress being made across all 18 sectors in protecting critical infrastructure. Nongovernmental, faith-based, access and functional needs, and

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Question#:	4
Topic:	NPGP 2
Hearing:	The Homeland Security Department's Budget Submission for Fiscal Year 2013
Primary:	The Honorable Tom A. Coburn
Committee:	HOMELAND SECURITY (SENATE)

community organizations document and share their accomplishments across the core capabilities. Over time, these inputs provide critical insights into the progress the Nation is making in building and sustaining the 31 core capabilities identified in the *National Preparedness Goal* and evaluated annually in the National Preparedness Report.

Although not a FEMA requirement, State Administrative Agencies (SAA) and other direct grantees may pass the requirement to conduct a THIRA to sub-grantees. Local governments and tribes are encouraged to complete THIRAs individually or in conjunction with the State. In order to ensure a shared understanding of capabilities and requirements across the Nation, THIRAs conducted by grantees will be submitted to their FEMA Regional Federal Preparedness Coordinators (FPCs) for review. This review will be a collaborative effort that includes all regional partners.

FEMA's National Integration Center (NIC) is working closely with the FPCs to develop guidance to support this review process. The regional review will validate that the THIRAs were conducted in accordance with Comprehensive Preparedness Guide (CPG) 201: Threat Hazard Identification and Risk Assessment Guide, assess levels of participation, and analyze the degree of collaboration with whole community partners in conducting the THIRA. Additionally, FEMA will develop regional THIRAs, informed by State THIRAs within their area of responsibility, with partners across the whole community.

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Question#:	5
Topic:	risk
Hearing:	The Homeland Security Department's Budget Submission for Fiscal Year 2013
Primary:	The Honorable Tom A. Coburn
Committee:	HOMELAND SECURITY (SENATE)

Question: How many grant programs administered by DHS incorporate risk as a factor in making awards? Please name any relevant programs.

Response: The following programs, funded in FY 2012, use risk as a factor in making awards:

- State Homeland Security Grant Program
- Urban Area Security Initiative
- Port Security Grant Program
- Transit Security Grant Program
- Operation Stonegarden
- Tribal Homeland Security Grant Program
- Nonprofit Security Grant Program

Question#:	6
Topic:	contractors
Hearing:	The Homeland Security Department's Budget Submission for Fiscal Year 2013
Primary:	The Honorable Tom A. Coburn
Committee:	HOMELAND SECURITY (SENATE)

Question: Does DHS use contractors to assist it in conducting risk analysis for any DHS grant programs? If so, please name the contractors and identify each program such contractors are associated with.

Response: Yes, the FEMA/Grant Programs Directorate (GPD) currently has a contract with CENTRA Technology to provide risk analysis services in support of the FEMA preparedness grant programs. The CENTRA Technology team provides risk analysis in support of the Homeland Security Grant Program (HSGP), which includes the State Homeland Security Program (SHSP) and the Urban Areas Security Initiative (UASI). In addition, CENTRA provides support to the Transit Security Grant Program (TSGP) and the Port Security Grant Program (PSGP).

Question#:	7
Topic:	plan
Hearing:	The Homeland Security Department's Budget Submission for Fiscal Year 2013
Primary:	The Honorable Tom A. Coburn
Committee:	HOMELAND SECURITY (SENATE)

Question: The Appropriations Committees required in Conference Report 112-331, pg.985, that DHS submit a plan identifying and justifying risk analysis activities to be performed by the Office of Risk Management and Analysis. Has the Department completed and provided this plan? If so, please provide a copy of this plan.

Response: On March 22, 2012, the Office of Policy finalized and transmitted the Strategic Planning, Risk Modeling, and Analysis Plan to the Chair and Ranking Member of the Appropriations Subcommittee on Homeland Security in the House and Senate. A copy of the report has been provided to Senator Coburn.

Question#:	8
Topic:	DHS grant funds
Hearing:	The Homeland Security Department's Budget Submission for Fiscal Year 2013
Primary:	The Honorable Tom A. Coburn
Committee:	HOMELAND SECURITY (SENATE)

Question: Does the Department believe that states are using DHS grant funds to supplant funding that otherwise would be have been spent by state and local governments on public safety? What action is DGS taking to ensure that its grants are not supplanting state and local government spending?

Response: Homeland security grant funds may not be used to supplant, or to replace, any other funds that have been budgeted or funded for the same purpose. Grantees are required to sign and submit a Non-Supplanting Certification with their grant application. This document affirms that a grantee will use grant funds to supplement existing funds and will not supplant, or replace, funds that have been budgeted or funded for the same purpose. This requirement is also identified in all grant guidance documents. Potential supplanting is monitored throughout the grant period of performance through desk reviews of applications and required reports as well as site visits with grantees and subgrantees. Applicants or grantees may be required to supply documentation certifying that a reduction in non-Federal resources occurred for reasons other than the receipt or expected receipt of Federal funds.

Question#:	9
Topic:	FFDO
Hearing:	The Homeland Security Department's Budget Submission for Fiscal Year 2013
Primary:	The Honorable Tom A. Coburn
Committee:	HOMELAND SECURITY (SENATE)

Question: Your budget proposal would reduce the funding for the Federal Flight Deck Officer (FFDO) program by roughly 50 percent, while trimming the Federal Air Marshall program by only 4 percent. DHS's budget justification states that the decision to halve the budget of the FFDO program was because it is not a risk-based program. Regarding the potential risk of hijackings, does DHS view the Federal Air Marshall program as a more effective way of mitigating risk than the Federal Flight Deck Officer program?

Response: While we support the FFDO program as an additional layer of security, a risk analysis showed that FFDOs are predominantly flying missions on lower risk flights, whereas Federal Air Marshals (FAMs) are predominantly deployed on higher risk flights. While the Transportation Security Administration does not assign FFDOs to their flights, the Federal Air Marshal Service (FAMS) deploys its assets according to a risk-based strategy that seeks to maximize coverage of high-risk flights based on consideration of threat, vulnerability, and consequence. Due to the variety of potential onboard threats that require a law enforcement response, a FAM-team is able to respond dependent on the nature of the specific threat.

The analysis also showed that FAMs and FFDOs are infrequently on the same flights, demonstrating the complementary nature of both the FAMS and FFDO programs. For example, FAMs can fly to a large number of international destinations, but FFDOs are limited to only a few. In addition, FFDOs are regularly aboard cargo flights, but FAMs are not. In domestic passenger aviation, however, the FAMS and FFDO programs together are key components of TSA's layers of security.

Question#:	10
Topic:	fusion centers 1
Hearing:	The Homeland Security Department's Budget Submission for Fiscal Year 2013
Primary:	The Honorable Tom A. Coburn
Committee:	HOMELAND SECURITY (SENATE)

Question: DHS officials, including you, have repeatedly stated that DHS works with 72 fusion centers around the country. Are all 72 fusion centers fully operational and capable of sharing intelligence, or participating in an assessment process?

Response: The 72 state and major urban area fusion centers recognized at the time of the 2011 Fusion Center Assessment participated in the fusion center capability assessment and achieved varying degrees of progress in developing their capabilities across the four Critical Operational Capabilities (Receive, Analyze, Disseminate and Gather) and the four Enabling Capabilities (Privacy, Civil Rights, and Civil Liberties Protections; Sustainment Strategy; Communications and Outreach and Security).

In June, I&A released the results of the assessment in our 2011 National Network of Fusion Centers Final Report. This assessment is a critical element of a broader effort to demonstrate the impact of individual fusion centers and the National Network in supporting national information sharing and homeland security outcomes. Due to the importance of evaluating the year-to-year progress of individual fusion centers and the National Network, the fusion center assessment is now a part of the Homeland Security Grant Program (HSGP) Guidance. The FY 2012 HSGP Guidance requires that all primary and recognized fusion centers participate in the annual Fusion Center Assessment Program and meet specific capability goals.

Question#:	11
Topic:	fusion centers 2
Hearing:	The Homeland Security Department's Budget Submission for Fiscal Year 2013
Primary:	The Honorable Tom A. Coburn
Committee:	HOMELAND SECURITY (SENATE)

Question: In 2010, DHS told GAO it planned "to assess the costs of the fusion center network to help inform decisions about the extent to which the funding mechanisms in place in support of fusion centers are adequate." (GAO Report #GAO-10-972.) Has it done so? If it has, what were the results? If it has not, why has it not?

Response: DHS has collected some cost data related to the National Network of Fusion Centers. There are several factors limiting our ability to assess the complete costs of fusion centers. As state and local entities, fusion centers are primarily staffed by state and local personnel and receive the majority of their funds from state and local governments. As part of the 2011 Fusion Center Assessment, fusion centers were asked to provide their operational costs. Of the 72 fusion centers assessed, 60 centers submitted cost information for their Fiscal Year (FY) 2011 expenditures, including the cost of personnel. State and local governments operate on different fiscal year cycles, which limits the consistency in reporting periods. Additionally, fusion centers are routinely staffed by personnel from multiple agencies, often with varying personnel cost structures. Soliciting cost information across multiple agencies poses significant challenges, and in many cases local agencies are unable or unwilling to provide detailed personnel cost information to fusion center directors. Finally, fusion centers provided inconsistent levels of detail in their responses on the 2011 Assessment, and in some cases provided incomplete responses.

DHS collected data on the Federal Government's FY 2011 expenditures in direct support of fusion centers and federal grant funds used by state and local partners to support fusion centers. The federal costs dedicated to support fusion centers include direct costs for information technology, training, technical assistance, and exercises, and other management and administrative costs such as security clearance sponsorship and does not include personnel costs or grant funds.

Given these limitations, the following table provides the cost data DHS was able to collect.

Data Collected	Federal Reporting	Fusion Center Reporting		**Total**
		State and Local General Funds	State and Local Use of Federal Grant Funds	
Amount of Funds	$32,836,195	$117,482,803	$74,257,333	**$224,576,331**

The FY 2012 Homeland Security Grant Program Guidance requires all primary and recognized fusion centers to submit cost information as part of the annual Fusion Center Assessment Program, enabling DHS and other partners to use this information to inform resource allocation decisions related to fusion centers.

Question#:	12
Topic:	SPP
Hearing:	The Homeland Security Department's Budget Submission for Fiscal Year 2013
Primary:	The Honorable Tom A. Coburn
Committee:	HOMELAND SECURITY (SENATE)

Question: The FY2013 DHS budget request includes flat funding for the Screening Partnership Program though multiple airports have sought to participate in the SPP program in recent years. Orland Sanford International Airport recently sought to participate in the Screening Partnership Program (SPP). Would you support their request to participate in the SPP program? Would you support other airports joining the SSP?

Response: In accordance with the Federal Aviation Administration (FAA) Modernization and Reform Act of 2012, in June 2012, TSA Administrator John Pistole approved the Sanford Airport Authority's application for Orlando Sanford International Airport (SFB) to participate in the Screening Partnership Program (SPP), which enables airports to use private contract screening services under its oversight. The next step is for TSA to issue a Request for Proposals to seek a qualified provider for security screening services at SFB. Final acceptance for participation in the SPP will be contingent upon the award of a contract that does not compromise security or detrimentally affect the cost-efficiency or the effectiveness of the screening of passengers or property at the airport. There will be no immediate change to operations or the federal workforce at SFB.

Currently, 16 airports are participating in SPP (the original five pilot airports, plus 11 airports that joined between 2005 and 2010). Applications from three additional airports—West Yellowstone (WYS) and Glacier Park International (GPI) in Montana and Orlando Sanford (SFB) in Florida—have been accepted, and TSA is moving forward with the contracting process.

Question#:	13
Topic:	report
Hearing:	The Homeland Security Department's Budget Submission for Fiscal Year 2013
Primary:	The Honorable Tom A. Coburn
Committee:	HOMELAND SECURITY (SENATE)

Question: Rep. John Mica, Chairman of the House Committee on Transportation and Infrastructure recently released a report on the Transportation Security Administration (TSA), which found that the Screening Partnership Program was 65 percent more efficient than TSA screeners and that expanding SPP participation would increase taxpayer savings by 42 percent. Does DHS dispute any of the findings in this report?

Response: Yes, the Department of Homeland Security disputes many assertions in the June 3, 2011, Transportation and Infrastructure, Oversight and Investigations Report: *TSA Ignores More Cost-Effective Screening Model.*

On July 5, 2011, the Transportation Security Administration provided a response to Representative Mica which outlines TSA's response to the report, expressing disagreement with many of the findings. A copy of TSA's response will be provided directly to Committee staff.

Question#:	14
Topic:	disaster 1
Hearing:	The Homeland Security Department's Budget Submission for Fiscal Year 2013
Primary:	The Honorable Tom A. Coburn
Committee:	HOMELAND SECURITY (SENATE)

Question: In 2012, the Department issued 242 disaster declarations, which was the highest number in FEMA's history. What factors have contributed to the dramatic growth in FEMA's disaster declarations?

Response: 2011 was a very busy year with numerous significant disasters including the flooding of the Mississippi and Missouri Rivers, devastating tornadoes, Hurricane Irene, and numerous wildfires. A record 114 Fire Management Assistance Grants (nearly 50 percent of all declarations) were issued in 2011 as a result of exceptionally high fire activity across the country. The percentage of major and emergency declaration requests that result in an approved Presidential declaration has remained relatively constant over the last 10 years.

Each Governor's request for an emergency or major disaster declaration is reviewed on its own merits. FEMA evaluates declaration requests using a methodology that takes into consideration factors established in Federal regulation that serve as indicators of a state's ability to respond to the disaster. FEMA considers the amount and type of damages; the impact of damages on affected individuals, the State, tribal, and local governments; the available resources of the State, tribal, and local governments, and other disaster relief organizations; the extent and type of insurance in effect to cover losses; imminent threats to public health and safety; recent disaster history in the State; hazard mitigation measures taken by the State or local governments, especially implementation of measures required as a result of previous major disaster declarations; and other factors pertinent to a given incident. As a result, the number of Presidentially-declared disasters varies from year to year depending on size, frequency, and location of the events.

Question#:	15
Topic:	disaster 2
Hearing:	The Homeland Security Department's Budget Submission for Fiscal Year 2013
Primary:	The Honorable Tom A. Coburn
Committee:	HOMELAND SECURITY (SENATE)

Question: How does the increasing number of declarations affect FEMA's resource allocation? Does this FEMA's ability to prepare or major disasters?

Response: FEMA currently has sufficient resources of personnel and funding, through the Disaster Relief Fund (DRF), to respond to the needs of disaster survivors.

Question#:	16
Topic:	EMP
Hearing:	The Homeland Security Department's Budget Submission for Fiscal Year 2013
Primary:	The Honorable Tom A. Coburn
Committee:	HOMELAND SECURITY (SENATE)

Question: Do you believe that an EMP or significant solar storm event could do significant damage to critical infrastructure, including the nation's power grids? If so, what is the Department of Homeland Security doing to prepare the nation to respond to this potential threat? Do you believe our nation is prepared for such an attack or event?

Response: Historically, solar storms have produced various levels of disruptions to critical infrastructure systems, such as HF communications and the power grid. DHS works with partners at the National Oceanic and Atmospheric Administration's (NOAA) Space Weather Prediction Center, National Aeronautic and Space Administration (NASA), United States Air Force, Department of Energy, Federal Energy Regulatory Commission, DHS Science and Technology Directorate (S&T), the private sector, and others in studying solar storms and electromagnetic pulses (EMP) and developing consequence management response plans and preparedness initiatives.

One of the biggest concerns to the power grid is damage to extra high voltage (EHV) transformers that are critical components to the nation's backbone transmission grid. EHV transformers are very difficult to replace due to their size, transportation and procurement challenges. In March 2012 DHS S&T successfully demonstrated a prototype EHV transformer, known as the Recovery Transformer (RecX) that is smaller and easier to transport and quick to install, reducing potential down time by more than 75%. This prototype is currently operational in Centerpoint Energy's grid for a 1 year monitoring period to verify its performance.

FEMA has also established alert and notification thresholds and procedures in partnership with the NOAA Space Weather Prediction Center, and the FEMA National Watch Center monitors space weather activity daily.

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Question#:	17
Topic:	cost avoidances
Hearing:	The Homeland Security Department's Budget Submission for Fiscal Year 2013
Primary:	The Honorable Tom A. Coburn
Committee:	HOMELAND SECURITY (SENATE)

Question: In your written testimony, you refer to $3 billion in "cost avoidances and reductions" due to actions the department has taken. Please provide an itemized list of those cost avoidance or reduction actions, noting for each the cost avoided or reduced, and the year during which each action occurred.

Response: 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 frontline 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 through 45 ER initiatives and other Department-wide initiatives. DHS has redeployed these cost avoidances to mission-critical initiatives across the Department.

The attached table provides an itemized list of cost avoidance initiatives and reductions accomplished from Fiscal Years 2009-2012, as well as those that are planned for FY 2013.

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DHS-wide Cost Avoidances
FY2009-FY2013

Cost Avoidance Category	Identified Cost Avoidances					
	FY2009	FY2010	FY2011	FY2012	FY2013	Total
Background Investigations Contract Initiative	$1,600,000	$2,360,340	$0	$324,000	$0	$4,284,340
Contract Management	$798,135	$3,249,185	$7,167,091	$1,459,553	$1,000,000	$13,673,964
Contractor Conversion	$0	$5,280,000	$30,150,000	$38,000,000	$43,858,000	$117,288,000
Energy Efficiencies	$44,800	$2,046,800	$54,800	$63,800	$121,800	$2,332,000
DHS Efficiency Review (ER)Blanket Purchase Agreements	$22,253,223	$66,390,745	$98,747,189	$149,200,189	$44,025,000	$380,616,346
Facilities Initiative	$3,211,789	$2,130,386	$1,107,852	$1,359,516	$0	$7,809,543
Fleet Management	$294,582	$1,066,322	$5,848,468	$20,261,992	$20,293,210	$47,764,574
Hiring/Background Investigations Process Initiative	$8,632,395	$80,587,109	$190,097,376	$28,391,717	$0	$307,708,597
IT Equipment Management Initiative	$3,288,871	$2,699,311	$10,844,232	$2,702,662	$0	$19,535,076
Multi-Functional Devices Initiative	($930,798)	$3,093,700	$2,637,630	$631,000	$0	$5,431,532
Mission/Component Specific Initiatives	$1,356,331	$3,862,000	$3,750,500	$2,397,000	$1,852,000	$13,217,831
Non-ER Blanket Purchase Agreements	$0	$0	$2,800,000	$9,000,000	$9,000,000	$20,800,000
Non-IT Equipment Management	$459,000	$392,832	$789,196	$0	$0	$1,641,028
Other Identified DHS-wide Cost Avoidances (non-ER)	$0	$650,831,272	$887,988,885	$405,116,000	$853,000,000	$2,796,936,157
Paperless Earnings and Leave Statements	$100,900	$260,859	$1,724,228	$1,715,350	$0	$3,801,337
Printing/Reproduction	$5,218,474	($1,312,292)	($467,336)	$178,457	$0	$3,617,303
Process Improvement	$1,379,000	$1,087,487	$2,516,818	$2,516,816	$2,516,818	$10,016,939
Property Management	$7,000	$2,509,529	$540,529	$523,529	$523,529	$4,104,116
Software License Transfers Initiative	$0	$0	$0	$189,666	$0	$189,666
Subscriptions Initative	$7,160	$2,003,205	$2,000,000	$3,000,000	$0	$7,010,365
Training	$1,211,945	$333,965,056	$212,019	$99,333	$0	$335,488,353
Travel Initiative	$21,767,837	($21,548,822)	$13,236,349	$153,946	$0	$13,609,311
Wireless Assets and Services	$654,397	$8,394,424	$1,856,717	$4,171,417	$35,000	$15,111,955
	$71,355,041	$1,149,349,448	$1,263,602,543	$671,455,943	$976,225,357	$4,131,988,332

Note: Cost avoidances are as of 7/23/2012

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Post-Hearing Questions for the Record
Submitted to the Honorable Janet A. Napolitano
From Senator Ron Johnson

"The Homeland Security Department's Budget Submission for Fiscal Year 2013"
March 21, 2012

Question#:	1
Topic:	FY02 to FY2011
Hearing:	The Homeland Security Department's Budget Submission for Fiscal Year 2013
Primary:	The Honorable Ron Johnson
Committee:	HOMELAND SECURITY (SENATE)

Question: In FY2002, funding for the Department of Homeland Security's legacy agencies was approximately $22.1 billion. From FY02 to FY2011, the budget grew from $22.1 billion to $55.1 billion, a 149 percent increase.

Understanding that some growth is to be expected in the creation of a new Department, how much growth is expected at DHS in the future?

Response: Projected growth in the Department's five-year resource plan supporting DHS mission, goals, and priorities, or Future Years Homeland Security Program, covering Fiscal Years 2014-2018 is consistent with the Budget Control Act (BCA). DHS will continue to look for ways to increase the effectiveness and efficiency of every taxpayer dollar. The Department has taken significant reductions to administrative and mission support functions over the past three years, leading to more than $3 billion in cost avoidances and savings to support frontline operations.

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Question#:	2
Topic:	FTE
Hearing:	The Homeland Security Department's Budget Submission for Fiscal Year 2013
Primary:	The Honorable Ron Johnson
Committee:	HOMELAND SECURITY (SENATE)

Question: At the September 13, 2011 hearing, I asked Secretary Napolitano to explain the cost of overhead at DHS. Based on data provided by DHS on March 3, 2012, DHS overhead cost taxpayers approximately $6.2 billion in FY2011 and consisted of 16,045 full time equivalents (FTEs).

Please provide the cost and FTE levels for homeland security overhead before DHS was created.

How much overhead growth is expected at DHS in the future?

Response: The $6.2 billion and 16,045 FTE are the funding level and staffing strength of DHS headquarters offices, as well as those offices within Components which perform similar functions. We consider these to be important management functions of the Department.

The Department does not have cost data nor FTE levels for homeland security functions prior to the creation of DHS.

The Department continues to work to increase the effectiveness and efficiency of every taxpayer dollar. In order to sustain frontline operations in recent years while facing declining budgets, the Department has taken significant reductions to administrative and mission support functions over the past three years.

73680.104

Question#:	3
Topic:	direct reports
Hearing:	The Homeland Security Department's Budget Submission for Fiscal Year 2013
Primary:	The Honorable Ron Johnson
Committee:	HOMELAND SECURITY (SENATE)

Question: According to the DHS organizational chart, Secretary Napolitano currently has 27 direct reports. The FY13 DHS Budget request would elevate three offices (the Office of State and Local Law Enforcement, the Private Sector Office, and the Office of International Affairs), totaling 30 direct reports.

How is Secretary Napolitano able to effectively manage all of these direct reports?

Response: Secretary Napolitano is able to effectively manage her direct reports with support from her leadership team, including the Deputy Secretary, her Chief of Staff and Counselors. The Secretary is in regular contact with all direct reports in person as well as via phone, video conference, and written communication.

Question: Why is it necessary to elevate three offices in the Department's FY13 budget?

Response: The Private Sector Office, the Office of International Affairs, and the Office for State and Local Law Enforcement can best execute their responsibilities through a similar structure to other external facing outreach offices such as the Office of Intergovernmental Affairs (IGA) and the Office of Legislative Affairs (OLA). As the Department continues to mature and these offices continue to take on more significant responsibilities across the Department, it is appropriate for them to become direct reports to the Secretary.

The reorganization improves efficiency by more clearly identifying the role of these offices. All three offices will be able to better coordinate across all Components.

Question: Will this make the Secretary's job more difficult?

Response: No. It will make the Secretary more effective in her interaction with the international community, the private sector, and state and local law enforcement.

73680.105

Question#:	4
Topic:	federal management layers
Hearing:	The Homeland Security Department's Budget Submission for Fiscal Year 2013
Primary:	The Honorable Ron Johnson
Committee:	HOMELAND SECURITY (SENATE)

Question: New York University Professor Paul Light, an expert on government efficiency, recommends that agencies should flatten the number of federal management layers to no more than six. In 2005, Light found "on average . . . 18 layers of bureaucracy between . . . the Secretary of Agriculture and the forest ranger, or the Secretary of the Interior and the oil-rig inspector—up from seven layers in 1960."

How many layers of management are between Secretary Napolitano and a typical Border Patrol agent or Transportation Security Administration (TSA) agent?

Do these layers impact the ability of DHS to carry out its missions effectively?

Is DHS working to decrease the number of layers?

How is DHS ensuring that those agents are able to effectively communicate up the chain of command?

Response: There are typically eight layers of management and supervision between Secretary Napolitano and a typical Border Patrol Agent or Transportation Security Officer (TSO).

These layers do not impact the ability of DHS to carry out its missions effectively. We believe that the existing layers allow for the appropriate level of management oversight and supervision of a complex security system encompassing the length and breadth of the entire United States, including all U.S. territories.

DHS and its Components are continually looking for ways to more effectively and efficiently manage our workforce to accomplish our complex mission. For example, TSA recently realigned its field oversight structure by consolidating TSA's twelve Area Directors into six Regional Directors to optimize mission effectiveness.

DHS and its Components often utilize surveys and web based tools to enable employees to communicate their views and concerns. In addition, components have implemented a variety of engagement mechanisms for their workforce. For example, leadership in the CBP Office of Air and Marine (OAM) has provided an avenue that allows all Agents to communicate their questions and concerns directly with the Headquarters staff. The answers to their questions and concerns, as appropriate, are provided in a Newsletter that is provided to all OAM Air and Marine Interdiction Agents.

73680.106

Question#:	4
Topic:	federal management layers
Hearing:	The Homeland Security Department's Budget Submission for Fiscal Year 2013
Primary:	The Honorable Ron Johnson
Committee:	HOMELAND SECURITY (SENATE)

TSOs also have numerous channels to communicate with Agency leadership. The TSA Idea Factory and the Security Operations Frequently Asked Question Standard Operating Procedures data bases are examples of TSA headquarters initiatives that allow the frontline workforce to bring their suggestions or questions directly to the TSA headquarters subject matter experts.

Additionally, in January of this year the Secretary formed an Employee Engagement Executive Steering Committee charged principally with initiating Departmental actions aimed at improving employee engagement. One of the key areas of focus for the Committee will be looking at ways to improve and increase communication between employees and all levels of leadership. As part of its charter the Committee will be evaluating some of the initiatives outlined above for Department-wide implementation.

Question#:	5
Topic:	cost-benefit
Hearing:	The Homeland Security Department's Budget Submission for Fiscal Year 2013
Primary:	The Honorable Ron Johnson
Committee:	HOMELAND SECURITY (SENATE)

Question: On March 22, 2012, Senator Johnson and Senator McCain submitted a letter to Secretary Napolitano which asked the Department of Homeland Security to perform a cost-benefit analysis of the Cybersecurity Act (supported by the Administration). The response from DHS on March 27, 2012 included an estimate of the potential benefits of protecting cyber networks but did not estimate the cost to industry of the regulations proposed under the Act.

Please estimate the cost of the Cybersecurity Act of 2012 to industry.

Response: The Administration worked closely with the sponsors of the bill to craft a regulatory provision that would drive better security practices while minimizing the burden on the private sector. The Department of Homeland Security (DHS) will include a detailed economic analysis in the Notice of Proposed Rulemaking should the legislation become law.

What is the regulatory burden imposed by this cyber bill?

Response: S.2105 is a comprehensive cybersecurity bill that includes establishing security standards for the core of critical infrastructure that meet key criteria.

S. 2105 builds a unique and flexible structure that requires the government to better inform the private sector about risks to critical infrastructure sectors and allows industry to develop innovative and efficient solutions to address those risks. The proposed legislation also provides market incentives through liability protection for companies that voluntarily share cyber threat information with the government, which will lead to better security awareness for everyone.

Question: What is the total regulatory burden imposed on the private sector by DHS?

Response: DHS will include a detailed economic analysis in the Notice of Proposed Rulemaking should the legislation become law. However, the Administration worked closely with the sponsors of the bill to craft a regulatory provision that would drive better security practices while minimizing the burden on the private sector. The regulations would only apply to a small percentage of the private sector – critical infrastructure that provides life-sustaining services. Additionally, the performance requirements that the covered critical infrastructure would be required to comply with would be based on pre-existing, industry developed standards. Thus, companies that already have robust

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Question#:	5
Topic:	cost-benefit
Hearing:	The Homeland Security Department's Budget Submission for Fiscal Year 2013
Primary:	The Honorable Ron Johnson
Committee:	HOMELAND SECURITY (SENATE)

cybersecurity practices would not be asked to make many changes. It's also important to remember that while the regulations would only touch a small portion of the private sector, the entire private sector relies on the services provided by critical infrastructure. The impacts of a cyber incident impeding the delivery of electricity or water to a portion of the United States could be far greater than the cost of the regulations.

Question: With unemployment currently at 8.3 percent, how will the Department of Homeland Security ensure that the regulatory regime created under this bill does not inhibit the ability of the private sector to grow, expand, and create jobs?

Response: The Administration worked closely with the sponsors of the bill to craft a regulatory provision that 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. Additionally, we believe that some of the requirements in the bill will drive innovation, potentially creating jobs.

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.

73680.109

Question#:	6
Topic:	cyber regulations
Hearing:	The Homeland Security Department's Budget Submission for Fiscal Year 2013
Primary:	The Honorable Ron Johnson
Committee:	HOMELAND SECURITY (SENATE)

Question: Stewart Baker testified before the Senate Homeland Security and Governmental Affairs Committee that it could take 8-10 years for the government to develop cyber regulations. At the March 21, 2012 hearing Secretary Napolitano disputed this estimate.

How long will it take for the Department of Homeland Security to perform the required risk assessment and develop all of the necessary regulations contained in the Cybersecurity Act of 2012?

Response: The timeline for implementing a process to designate covered critical infrastructure and establishing risk-based performance requirements, as required by Sections 103 and 104 of S 2105, will be determined by the resources available to the Department and its engagement with other partners. Establishing new frameworks for critical infrastructure will be a collaborative process that enhances the existing public-private partnership for securing critical networks. Sections 103 and 104 both require extensive engagement with, among others, critical infrastructure owners and operators, the Critical Infrastructure Partnership Advisory Council, Information Sharing and Analysis Organizations, the National Institute of Standards and Technology, the National Security Agency, Sector-Specific Agencies, state and local government, and other Federal Departments and Agencies to first designate critical infrastructure, and then define appropriate performance outcomes. In order to leverage the expertise of all of these stakeholders, DHS anticipates that close interaction will be necessary going forward.

73680.110

Question#:	7
Topic:	Cybersecurity Act
Hearing:	The Homeland Security Department's Budget Submission for Fiscal Year 2013
Primary:	The Honorable Ron Johnson
Committee:	HOMELAND SECURITY (SENATE)

Question: A Bloomberg Government survey of 172 companies found that securing systems to prevent 95 percent of cyber-attacks is the highest level of security attainable by industry. This would cost the same 172 companies $46.6 billion, or 774 percent more than they currently spend. The same survey stated that government networks are more vulnerable than private networks, which stop only 67 percent of all attacks (compared to 69 percent in the private sector).

What level of security does DHS hope to achieve under the Cybersecurity Act of 2012?

Response: We must make it more difficult for malicious actors that seek to steal critical data or disrupt systems vital to our national security, economic prosperity, and public safety. S 2105 increases cooperation between the public and private sector in order to better share information on emerging cyber threats and requires that baseline levels of security be established in our most core critical infrastructure. Based on our current efforts and information, DHS does not believe that government networks are more vulnerable than private networks.

Question: If the government cannot protect its own networks better than the private sector, how do Americans expect to improve security by increasing federal government involvement?

Response: The government has made significant investments in enhancing cybersecurity across its Federal information technology (IT) networks. In 2011, the DHS U.S. Computer Emergency Readiness Team (US-CERT) handled over 106,000 cyber incidents involving Federal agencies, critical infrastructure, and our industry partners. So far this year, US-CERT has responded to over 65,000 incident reports, which reflects a 35 percent increase from the same period in 2011.

The Administration recognizes that there is more work to do to protect both the Federal and civilian networks. That is why S 2105 contains provisions that will allow DHS to better protect the .gov domain and will empower individual agencies to invest their IT security resources in real security improvements.

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Question#:	8
Topic:	cyber activities
Hearing:	The Homeland Security Department's Budget Submission for Fiscal Year 2013
Primary:	The Honorable Ron Johnson
Committee:	HOMELAND SECURITY (SENATE)

Question: The President's FY2013 budget requests approximately $770 million for cyber activities or 74 percent over FY2012.

What will the $770 million buy us? What level of security?

Response: 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 FY 2013 Budget request makes significant investments to expedite the deployment of intrusion prevention technologies on government computer systems, increase 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 requested in FY 2013 cuts across multiple programs within the National Cyber Security Division (NCSD). 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) is an integrated system for intrusion detection, analysis, prevention, and information sharing capabilities used to defend the federal civilian government from cyber threats 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.

DHS is planning to accelerate the transition of the EINSTEIN 3 program from one in which the government builds and deploys intrusion prevention systems to one in which DHS contracts with major Internet Service Providers to supply intrusion prevention services, augmented with sensitive government information. This accelerated program is called E3A.

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 decision making on network traffic entering or leaving Federal civilian networks. E3A will protect Federal Departments and Agencies from the most prevalent threats. Through

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Question#:	8
Topic:	cyber activities
Hearing:	The Homeland Security Department's Budget Submission for Fiscal Year 2013
Primary:	The Honorable Ron Johnson
Committee:	HOMELAND SECURITY (SENATE)

best-in-class commercial signatures paired with the sensitive and classified government information, E3A will be able to block a high percentage of unauthorized attempts to access government networks.

Federal Network Security

An increase of $202 million will enable NCSD to continuously analyze Federal agencies' networks for vulnerabilities. A continuous diagnostics and mitigation capability will have visibility inside agency networks and help analyze attributes of agency networks, including hardware and software assets, configuration settings, and patch management. Whereas current assessments and reporting, mandated by the Federal Information Security Management Act generally, occur every one to three years, continuous diagnostics will support assessments every 24 to 72 hours. With this information, NCSD can guide agencies to take preventive and protective actions by mitigating vulnerabilities that malicious actors would otherwise exploit. Continuous diagnostics data will be available to agencies along with their intrusion detection and prevention data. This will enable NCSD to drive the Federal Enterprise towards 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 FY 2013 will strengthen US-CERT's analytic capability to keep pace with the increased information flowing to US-CERT from public and private sector partners as well as 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 and, as E3A is deployed, the volume of intrusion and malware information will grow significantly. US-CERT must be in a position to analyze that data while generating, implementing, and monitoring an array of new EINSTEIN 3 signatures and countermeasures.

In addition, US-CERT will begin staffing DHS's COOP site to 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, D.C. area. This site will use a configuration largely mirroring the capabilities of the main facility in the Washington, D.C. area.

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Question#:	8
Topic:	cyber activities
Hearing:	The Homeland Security Department's Budget Submission for Fiscal Year 2013
Primary:	The Honorable Ron Johnson
Committee:	HOMELAND SECURITY (SENATE)

Question: If the Cybersecurity Act of 2012 is signed into law, how much more will DHS request in its cyber budget for FY2014 and beyond?

Response: The S. 2105 largely codifies activities that DHS is already carrying out. As such, the FY 2013 budget request includes funding for these areas. DHS will review resource requirements and, as appropriate, work with Congress to address new responsibilities which are authorized through the passage of legislation.

Question: How many more people will DHS need to hire to implement that bill?

Response: DHS has significantly increased our cybersecurity workforce over the last several years and continues to be on a growth path to meet the needs of our existing cyber mission. The FY 2013 budget request reflects that continued growth. We believe much of S. 2105 could be executed with the current projected growth. DHS will review resource requirements and, as appropriate, submit a request to Congress through appropriate channels whenever new responsibilities are authorized through the passage of legislation.

Question#:	9
Topic:	regulatory
Hearing:	The Homeland Security Department's Budget Submission for Fiscal Year 2013
Primary:	The Honorable Ron Johnson
Committee:	HOMELAND SECURITY (SENATE)

Question: According to a study commissioned by the Small Business Administration, the annual regulatory burden on our nation is $.175T.

What is the total regulatory burden of DHS regulations on industry?

Response: As part of DHS's efforts to enhance the safety and security of the private sector, the Department works closely with the asset owners, operators and stakeholders to ensure regulations do not create an undue burden. For many regulations, DHS gets direction from statutory mandates and develops regulations in accordance with those mandates.

Question: Does DHS ever perform regular retrospective reviews of homeland security related regulations? How often? Have you ever sunset a regulation?

Response: DHS performs retrospective reviews of its regulations on an ongoing and regular basis. DHS continually seeks to improve its regulations and regulatory programs and seeks input about its regulations from various sources--including advisory councils, field personnel, internal working groups, and regulated entities to help evaluate the effectiveness of its regulations. In addition, in 2011, pursuant to the requirements of Executive Order 13563 (Improving Regulation and Regulatory Review), DHS established a formal, comprehensive plan that sets forth the DHS process for the periodic review of its existing regulations. The purpose of the plan is to determine whether DHS should modify, streamline, expand, or repeal any DHS regulations so as to make DHS's regulatory program more effective or less burdensome in achieving its regulatory objectives. The "Final Plan for the Retrospective Review of Existing Regulations," which DHS released on August 22, 2011, is available on the DHS website. Finally, while DHS has had regulations that have, or will, sunset as a function of the underlying statute, we are not aware of any that have sunset by the terms of the regulation.

Question: How many regulations that come out of DHS have a cost and benefit analysis?

Response: DHS carefully considers the benefits and costs for its regulations during the development and drafting process. DHS complies with Executive Orders 12866 (Regulatory Planning and Review, October 4, 1993) and 13563 (Improving Regulation and Regulatory Review, January 21, 2011) and adopts only those regulations for which the benefits justify the costs. DHS further considers the impacts of its regulations on small businesses, as required by the Regulatory Flexibility Act.

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Question#:	9
Topic:	regulatory
Hearing:	The Homeland Security Department's Budget Submission for Fiscal Year 2013
Primary:	The Honorable Ron Johnson
Committee:	HOMELAND SECURITY (SENATE)

Question: Of these, how many rules have had benefits exceeding costs? Costs exceeding benefits?

Response: Consistent with the requirements of Executive Orders 12866 and 13563, DHS adopts regulations only upon a reasoned determination that the benefits of the intended regulation justify its costs.

Question: What percentage and number of regulations promulgated by the Department of Homeland Security over the past three years are considered to be "major" rules? Please provide a list of these rules.

Response: Since January 1, 2009, DHS promulgated 4 "major" rules (as defined in section 804 of the Congressional Review Act). Below is a list of the "major" rules that DHS has promulgated since January 1, 2009.

1. Transportation Security Administration, Air Cargo Screening Final Rule, 76 Fed. Reg. 51,848 (August 18, 2011)
2. U. S. Citizenship and Immigration Services, Fee Schedule Final Rule, 75 Fed. Reg. 58,961 (September 24, 2010)
3. U.S. Customs and Border Protection, Electronic System for Travel Authorization (ESTA): Fee for Use of the System Interim Final Rule, 75 Fed. Reg. 47,701 (August 9, 2010)
4. U.S. Federal Emergency Management Administration, Special Community Disaster Loans Program Final Rule, 75 Fed. Reg. 2,800 (January 19, 2010)

Question: Are there any Department of Homeland Security regulations that DHS feels the current cost to industry exceeds the security benefits achieved?

Response: No. The cost of DHS regulations do not exceed the security benefits achieved from those regulations.

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Question#:	10
Topic:	planning
Hearing:	The Homeland Security Department's Budget Submission for Fiscal Year 2013
Primary:	The Honorable Ron Johnson
Committee:	HOMELAND SECURITY (SENATE)

Question: Since inception, the Department of Homeland Security has grown to become one of the Federal Government's largest agencies. Despite this fact, it provides little guidance in its annual budget forecast about subsequent planning and assumptions in future fiscal years. This lack of data makes it difficult for policymakers, state and local governments, industrial suppliers, and leading research and development organizations to understand the future implications of proposed DHS policies and fiscal choices. The final FY12 appropriations bill included language for DHS to develop a multi-year budget forecasting process similar to the five-year defense plan (FYDP) process undertaken by DOD that is updated annually.

Can you please provide an update on TSA's multi-year planning efforts?

Response: In coordination with the Department of Homeland Security Headquarters, as well the Office of Management and Budget, TSA's annual budget submission includes a five year budget plan in the Strategic Context document that is part of the annual Congressional Justification. The five year projection includes out year estimates for each program and activity in the TSA budget. These estimates incorporate information from the Capital Investment Plans for major investments, funds needed to sustain the current workforce and estimates of future fee revenues.

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Question#:	11
Topic:	preclearance
Hearing:	The Homeland Security Department's Budget Submission for Fiscal Year 2013
Primary:	The Honorable Ron Johnson
Committee:	HOMELAND SECURITY (SENATE)

Question: Significant CBP understaffing of preclearance operations at foreign airports has resulted in congestion, long waits and inconvenience for U.S.-bound passengers and has already forced air carriers to abandon plans for new or expanded service to many U.S. cities.

Can you please discuss your views on preclearance and if DHS will consider enhancing preclearance operations at select international airports?

Response: Preclearance provides for the inspection and clearance of commercial air passengers and their goods prior to departure from fifteen foreign locations in five countries in support of CBP's extended border strategy. Pre-inspection and preclearance are important tools for supporting economic competitiveness and facilitating legitimate trade and travel, while ensuring the security of our Nation's borders.

CBP has enhanced services at many preclearance locations through additional resource deployments, partnerships with airport authorities and carriers to identify and approve new flights, and infrastructure improvements through the deployment of new Global Entry kiosks, allowing pre-approved low risk passengers to bypass traditional inspectional queues.

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Question#:	12
Topic:	international arrivals
Hearing:	The Homeland Security Department's Budget Submission for Fiscal Year 2013
Primary:	The Honorable Ron Johnson
Committee:	HOMELAND SECURITY (SENATE)

Question: U.S. international gateway airports are projecting increases in international arrivals in summer 2012 in the range of 5 to 10% over 2011 levels. Some are even forecasting year-over-year increases of 15 to 26%. This increase in travel is a positive to the U.S. economy. However, there have been long delays in processing level of visitors, which can reach several hours as select airports.

Have you established baseline data and developed clear metrics going forward in order to assess the efficiency of the CBP workforce?

If not, does the Department plan to look into developing performance metrics as a way to increase accountability of the agency and ensure effective use of their current resources?

Response: CBP collects data on and measures the processes for nearly all activities performed by CBP personnel at the ports of entry (POE). Many of these measures can be and are used to assess the efficiency of the CBP workforce. Some of the measures that directly relate to the processing of arriving international travelers at the Nation's airports include the following:

- Wait times
- Processing time at primary inspection booths
- Staffing of primary inspection booths
- Global Entry enrollment and kiosk usage

Wait time measurement provides an indication of how long arriving international passengers wait for CBP processing. Along with the volume of arriving passengers and facility infrastructure constraints, wait times are driven by the processing times at primary inspection booths and staffing levels at the booths during flight arrival times. Therefore, CBP initiatives to reduce processing times or increase booth staffing will reduce passenger wait times. Global Entry enrollment and kiosk usage also drive down passenger wait times, by diverting low risk passengers out of the primary queues for CBP officer processing, shortening wait times for both the Global Entry members and the non-members remaining in the general queue.

CBP will continue to work to reduce and mitigate wait times through a multi-pronged strategy to ensure the most effective use of its workforce through: (1) Effective use of existing resources such as limiting leave usage, training, and administrative duties during peak travel times; allocating overtime funding to supplement regularly scheduled staff;

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Question#:	12
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and optimizing the scheduling of officers with CBP's Airport Wait Time Console Real-Time Flightboard, which utilizes live data feeds from multiple sources to create a view of passenger arrival data that allows for optimal staffing decisions; (2) Partnerships with carriers and airport authorities on facilitation measures such as *Express Connect* and *One Stop*; (3) Enhanced risk segmentation through increases in trusted traveler membership and pre-departure targeting; and (4) Seeking alternative funding through public/private partnerships which would enable corporations, non-government agencies and other parties to reimburse CBP for expanded inspection services, such as service for additional flights.

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Question#:	13
Topic:	travelers
Hearing:	The Homeland Security Department's Budget Submission for Fiscal Year 2013
Primary:	The Honorable Ron Johnson
Committee:	HOMELAND SECURITY (SENATE)

Question: Travelers have continually expressed concerns, especially in the air environment, about the way they are treated by CBP officers upon their arrival at the airport.

Please compile a report on the various types of comments that you received 2011 by airport.

How are the comments currently used by CBP to improve the travel experience?

Response: CBP conducted a Traveler Satisfaction Survey at the 20 Model Ports between October and November 2011.

The Traveler Satisfaction Survey was conducted to obtain feedback from the traveling public on CBP's Model Ports program and the traveler experience. The survey was designed to evaluate CBP's performance in achieving the goals of the Model Ports program which include the following:

- Ensuring that passengers entering the United States are welcomed by CBP officers who treat them with respect and understanding;
- Providing the right information to help travelers, at the right time and in a hospitable manner;
- Creating a calm and pleasant CBP inspection area; and
- Streamlining the CBP process.

The survey findings indicate that:

- Nearly 90 percent of travelers responded that the entry process made them feel welcomed.
- More than 90 percent of travelers responded that CBP officers were welcoming, professional, helpful, efficient and communicative.
- More than 80 percent of travelers responded that the inspection area was welcoming.
- Nearly 90 percent of travelers felt that the entry process time was either short or reasonable with three-quarters of travelers getting through in 15 minutes or less.

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Question#:	13
Topic:	travelers
Hearing:	The Homeland Security Department's Budget Submission for Fiscal Year 2013
Primary:	The Honorable Ron Johnson
Committee:	HOMELAND SECURITY (SENATE)

In addition, CBP receives regular comments through the use of comment cards. Comment cards allow travelers to evaluate their CBP processing through standard categorized comments that include: processing, signage, professionalism and facilities. The data from comment card submissions is made available to local port management, who are able to assess areas of traveler satisfaction and dissatisfaction with their CBP experience.

In conjunction with the comment card, a CBP Passenger Service Manager (PSM) is available to the traveling public at the 20 Model Ports. The PSM responds to traveler comments, complaints or concerns; oversees issues related to travelers requiring special processing; observes the overall traveler processing procedure; provides recommendations for improvements in traveler processing and officer professionalism; and provides training to managers, supervisors, and officers on customer service and professionalism issues.

CBP continues to evaluate valuable traveler feedback in an ongoing effort to further improve the traveler experience and develop best practices to be shared with all ports nationwide. As part of this ongoing effort, CBP is conducting a follow-on survey to last year's traveler satisfaction survey. The follow-on survey at the 20 Model Ports is scheduled from July 18 to August 25, 2012. CBP takes the professionalism of its officers very seriously and provides training throughout the development of the officer's skills.

73680.122

Post-Hearing Questions for the Record
Submitted to the Honorable Janet A. Napolitano
From Senator Susan M. Collins

"The Homeland Security Department's Budget Submission for Fiscal Year 2013"
March 21, 2012

Question#:	14
Topic:	border security
Hearing:	The Homeland Security Department's Budget Submission for Fiscal Year 2013
Primary:	The Honorable Susan M. Collins
Committee:	HOMELAND SECURITY (SENATE)

Question: I am particularly troubled by the Administration's proposal to eliminate separate funding for the Operation Stonegarden grant program. The Administration has acknowledged the importance of improving security along the Northern border, as demonstrated by this year's release of the Northern Border Counternarcotics Strategy and the Beyond the Border agreement with Canada. The Administration has also requested $10 million for technology development to assist northern border security. Yet, it is seeking to eliminate specific funding for a program that has proven successful year after year in fostering federal and local law enforcement relationships and operations.

GAO has previously reported that the Border Patrol has full situational awareness of only one-quarter of the miles along the Northern Border. Operation Stonegarden is vital to augmenting the limited number of Border Patrol Agents assigned to this critical, yet porous, international boundary. In Maine, for example, Stonegarden funds have been instrumental in providing assistance to local law enforcement in making arrests and seizures, and several law enforcement officials have told me that Stonegarden participation has led to an overall reduction in crime in the border areas they cover.

For example, these funds contributed to the seizure and arrest of individuals attempting to illegally smuggle bulk cash and illicit drugs across the border from Canada.

Indeed, just last month I met with Border Patrol officials from Maine who could not stress enough how important this program is to them.

Can you please explain why the Administration fails to see the importance of Operation Stonegarden in securing our borders, especially our long Northern Border with Canada?

Response: The Administration strongly supports initiatives to support state and local efforts along the Northern border including Operation Stonegarden. Border security is considered a core capability under the National Preparedness Goal and is specifically

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Question#:	14
Topic:	border security
Hearing:	The Homeland Security Department's Budget Submission for Fiscal Year 2013
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prioritized for funding under the Administration's proposed National Preparedness Grant Program based on a state's threat and risk assessment. As part of the Administration's FY 2013 grants vision, activities previously funded under Operation Stonegarden would be accounted for and eligible for funding as part of the formula base. In addition, state and local law enforcement supporting security efforts along the border would be eligible for a competitive pool of funding for operational activities in which a need is identified in the Threat Hazard Identification and Risk Assessment and a corresponding resource estimation and implementation strategy are provided.

Question#:	15
Topic:	NSCs
Hearing:	The Homeland Security Department's Budget Submission for Fiscal Year 2013
Primary:	The Honorable Susan M. Collins
Committee:	HOMELAND SECURITY (SENATE)

Question: During last year's budget hearing, I asked you about the Administration's plan to replace 12 High Endurance Cutters with only eight National Security Cutters (NSCs). I also noted that the Administration had delayed that completion date for the eighth NSC from 2016 to 2018. In response, you stated, "we fully intend to build them [referring to the eight NSCs], and we fully intend to build them on the current schedule." You added that the schedule had been pushed back "not by money as much as by just taking longer to build these things than was originally predicted."

Yet, the proposed budget for next year reduces the Coast Guard budget by $350 million as compared to last year's figure, eliminates NSCs seven and eight from the Coast Guard's five-year capital investment plan, and cuts more than 1,000 uniformed personnel. How can the Coast Guard effectively accomplish its many missions with such deep cuts?

Response: In recognition of the current fiscal environment, the Coast Guard's FY 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 FY 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.

The Coast Guard's request for the Operating Expenses appropriation that largely funds pay and operating expenses is actually $36 million higher than the FY 2012 enacted budget. The major reductions relative to the FY 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 towards the Commandant's highest priorities, including fully funding the sixth NSC.

Question: While the budget includes funding for the sixth National Security Cutter, the program of record (which was established in 2004) supports the need for eight cutters. And, as I said in my earlier statement, as recently as January of this year, DHS provided

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Question#:	15
Topic:	NSCs
Hearing:	The Homeland Security Department's Budget Submission for Fiscal Year 2013
Primary:	The Honorable Susan M. Collins
Committee:	HOMELAND SECURITY (SENATE)

the Deepwater Implementation Plan Annual Report that validated the Coast Guard's methodology for determining the appropriate Deepwater fleet mix, including their planned eight National Security Cutters.

I understand it is the Administration's position that, due to the limitations imposed by the Budget Control Act, you will re-examine the need for NSCs seven and eight in light of what the Navy is planning for its own fleet mix.

In light of recent reductions to the naval fleet, I question the Defense Department's ability to fill this void, and I have seen no appreciable reduction in the Coast Guard's maritime security mission requirements.

Last year we learned that the cost increase of a one-year delay to the NSC acquisition program is estimated at between $45 and $60 million per ship. We are also aware of the poor condition of the Coast Guard's High and Medium Endurance Cutter fleets. It is critical that we do not further delay the acquisition of cutters so essential to our Nation's maritime security. When do you plan to meet with Secretary Panetta or coordinate with DoD so that a determination about the future of the NSC program can be made?

Response: The Coast Guard has not changed its Program of Record for the National Security Cutter. The Program of Record is continuously reviewed as part of Department of Homeland Security (DHS) oversight of component's major acquisition programs. This review will be informed by the DHS Cutter Study, Fleet Mix Analyses, and all other studies completed to date, as well as by trade-offs necessary to fund requirements within a constrained top-line. 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, non-redundant capabilities.

73680.126

Question#:	16
Topic:	information-sharing
Hearing:	The Homeland Security Department's Budget Submission for Fiscal Year 2013
Primary:	The Honorable Susan M. Collins
Committee:	HOMELAND SECURITY (SENATE)

Question: As you know, some of our colleagues recently introduced a bill that would enhance information-sharing about cyber threats, but would do little to ensure that we improve the security of critical infrastructure.

Secretary Napolitano, do you agree that information-sharing is not enough to protect our nation's most critical infrastructure?

Why is enhanced information-sharing not enough?

Response: Enhanced information sharing about cyber threats, while essential to critical infrastructure protection, is not in itself sufficient to sustain or improve the protection and resilience of our Nation's most critical assets, systems, networks, and functions. It is important to ensure that DHS's current responsibilities to protect Federal civilian networks and secure critical information infrastructure are codified so that DHS can more efficiently and effectively carry out its mission. Any legislative solution should include a requirement that core critical infrastructure owners and operators institute a baseline level of cybersecurity, while at the same time maintaining flexibility for the individual company to choose the security practices that work best on their networks.

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Question#:	17
Topic:	insurance
Hearing:	The Homeland Security Department's Budget Submission for Fiscal Year 2013
Primary:	The Honorable Susan M. Collins
Committee:	HOMELAND SECURITY (SENATE)

Question: A DHS OIG report released in January of this year pointed out FEMA's lack of enforcement on several insurance requirements within the FEMA Public Assistance Program. These requirements are intended to ensure that recipients do not receive financial aid for damages that are, or should be, covered by insurance. The OIG report found that, "FEMA has been aware of these issues for more than 10 years..." but has not adequately addressed them. This lack of oversight and enforcement will result in continued improper payments if the situation is not fixed. Our nation's budget crisis is far too serious to ask taxpayers to pay for damages that the law requires private insurance to cover. Even more troubling is FEMA's apparent inattention to this problem. The Chairman and I wrote a letter to Administrator Fugate on January 31st and just received a response yesterday. Although this response answers some questions, it still troubles me that FEMA has been aware of this problem for so long and that the problem still exists.

What are you doing to ensure that FEMA is addressing improper payments overall?

Can you commit to a timeframe for FEMA fixing this problem?

Response: Since the OIG issued its first report in 2001, FEMA has addressed insurance issues using new information technology systems, updated program guidance, training, and new ways to improve program implementation. FEMA regularly evaluates and implements new strategies to improve efficiency in the program overall, both at the Headquarters and Regional levels, through issuance of guidance, provision of training, and development of program process enhancements. Most recently, FEMA is developing and implementing courses of action to improve program implementation based on the comprehensive bottom-up review of the Public Assistance (PA) Program that was conducted last year.

With regard to Improper Payment Information Act (IPIA), FEMA conducted an IPIA review for each of the last three fiscal years for Public Assistance funding. This year's IPIA review is currently under way. FEMA implements an action plan each year to address the findings of the IPIA reviews. The IPIA review conducted last year resulted in an improper payment rate of 0.32%, based on $346,708 in questioned payments from a total of $108,680,741 that was reviewed. Based on the findings of the IPIA review, FEMA works with each Grantee to address the issue with the questioned payment or seeks to recover improper payments.

FEMA also responds to OIG financial and program audits of PA projects and aspects of the PA program. FEMA will either implement or address all of the recommendations made by the OIG on specific PA projects or on PA program implementation issues. FEMA also updates PA Program policies and guidance on a regular basis to address issues that have arisen or have been identified by OIG, States, and other stakeholders.

73680.128

Question#:	18
Topic:	SAFE Port
Hearing:	The Homeland Security Department's Budget Submission for Fiscal Year 2013
Primary:	The Honorable Susan M. Collins
Committee:	HOMELAND SECURITY (SENATE)

Question: America's ports are tempting terrorist targets that must be protected. America has 361 seaports that are responsible for moving over 31,000 inbound containers per day and more than 95 percent of overseas trade.

Materials seized from Osama bin Laden's compound show that al Qaeda considered attacking tanker ships and marine infrastructure to force up the price of oil and damage the economy. As you know, each port is a vital center of economic activity and a critical link to our nation's transportation network.

To help address this threat, Congress passed the Maritime Transportation Security Act of 2002 and the SAFE Port Act of 2006, which required DHS to improve maritime transportation security. In 2007, Congress also passed the Homeland Security Law that included a mandate to achieve 100 percent scanning of U.S.–bound shipping containers by July 2012. DHS established a pilot in 2008 to measure the capability of scanning all container cargo.

According to GAO, the pilot, known as the Secure Freight Initiative or SFI, revealed "logistical, technological, and other challenges" that prevented the participating foreign ports from achieving 100 percent scanning. CBP has since ceased operations at most of the SFI ports in pursuit of a risk based strategy that utilizes advanced information, enhanced technology, and skilled personnel deployed at key transshipping ports overseas.

This is a strategy I fully support. The SAFE Port Reauthorization Bill that I introduced with Senator Murray includes provisions to address the scanning mandate and reauthorizes successful programs such as the Automated Targeting System, the Container Security Initiative, and the Customs Trade Partnership Against Terrorism.

The newly released DHS strategy on Global Supply Chain Security does not refer to the 100 percent scanning mandate, nor does it discuss alternatives.

As we approach the July deadline for implementation of 100 percent scanning, what do you plan to do regarding your ability to waive this requirement?

What is the Department's longer term plan for scanning all U.S.-bound shipping containers in the future?

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Question#:	18
Topic:	SAFE Port
Hearing:	The Homeland Security Department's Budget Submission for Fiscal Year 2013
Primary:	The Honorable Susan M. Collins
Committee:	HOMELAND SECURITY (SENATE)

Response: Consistent with the conference report language accompanying the DHS FY 2010 Appropriations bill, which said "it has become increasingly clear that, at least for now, a 100 percent scanning goal is not feasible, and even if it were, would come at an unacceptably high cost monetarily and in the displacement of other efforts,"[1] in May, I notified Congress of my decision to extend the deadline for the 100 percent scanning mandate established in Section 232 of the *Security and Accountability for Every Port Act of 2006* (SAFE Port Act), P.L. 109-347, as amended by the *Implementing the Recommendations of the 9/11 Commission Act of 2007,* P.L. 110-53, for an additional two years.

Through efforts such as the six Secure Freight Initiative pilots conducted by DHS and the Department of Energy between 2007-2010, we have experienced first-hand the array of diplomatic, financial, and logistical challenges associated with even a limited scanning regime.[1] Based on these experiences, and the estimated costs of $16 billion[1] to the United States to fully implement scanning measures at the nearly 700 ports that ship to the United States, we concluded that the specific approach established under the SAFE Port Act is neither the most efficient nor a cost-effective way to secure our Nation and global supply chains against nuclear terrorism.[1]

However, the Department of Homeland Security (DHS) remains committed to ensuring that all goods coming into the United States are secure and do not pose a threat to our citizens or national interests. Through robust partnerships with law enforcement, foreign governments, and industry, we are developing innovative solutions that will help maintain the efficient flow of legitimate commerce upon which our Nation's economy depends. We believe an effective, layered, risk-based approach will best ensure we achieve these goals and align with the President's *National Strategy for Global Supply Chain Security (Strategy)*.

DHS has focused substantial attention and resources over the last several years on securing goods being transported within maritime containers. As a result, we have strengthened our multi-layered security measures, more effectively securing and facilitating the large volume of goods arriving in the United States each year. By leveraging programs such as the Container Security Initiative (CSI) for the integrated scanning of high-risk containers[1], the Customs-Trade Partnership Against Terrorism (C-TPAT)[1], and the Importer Security Filing (often called "10+2") for the advance collection of manifest and import data to enhance targeting, we are more secure than ever before. Our layered and risk-based approach provides that, 100 percent of high risk containers are examined through a number of measures, including screening, scanning, physical

[1] **Conference Report 111-298: DHS Appropriations Act, 2010.**

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Question#:	18
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inspection, or resolution by foreign authorities. In addition, we have strengthened our automated targeting systems and enhanced the quality and timeliness of the commercial data upon which those systems rely.

Additionally, DHS has worked to address risk reduction across all domains (air, land, sea) and pathways by which the threat may be transported to and within the United States. Consequently, DHS has adopted a risk-based approach, which focuses on enhancing existing layers of defense and expanding security across all potential pathways to ensure that its efforts and finite resources are allocated effectively. In short, our approach concentrates on increasing the likelihood of detection and prevention of illicit nuclear smuggling through an enhancement of security within each layer of defense and an extension of these efforts comprehensively across all vectors (air, land, and sea).

DHS recognizes the need to proceed with container security programs in a responsible, practical manner that maximizes the security of maritime cargo, facilitates trade, and enhances global supply chain resilience. DHS plans to work within and across the U.S. Government to effectively develop technology, enhance risk management processes, and implement a robust layered enforcement strategy for screening cargo. Through the Department's Science and Technology Directorate, DHS continues to monitor technology advancement in the private sector, academia, and the interagency to address the challenges of scanning maritime cargo. Through existing and new efforts on domestic and international fronts, DHS—along with the World Customs Organization, the International Maritime Organization, the International Civil Aviation Organization, the Universal Postal Union, and other partners—is striving to improve the security of operations, raise international standards, and foster systems that secure the global supply chain.

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Post-Hearing Questions for the Record
Submitted to the Honorable Janet A. Napolitano
From Senator Carl Levin

"The Homeland Security Department's Budget Submission for Fiscal Year 2013"
March 21, 2012

Question#:	19
Topic:	AIRFAC
Hearing:	The Homeland Security Department's Budget Submission for Fiscal Year 2013
Primary:	The Honorable Carl Levin
Committee:	HOMELAND SECURITY (SENATE)

Question: The President's FY 2013 budget request proposes to close the Coast Guard's seasonal air facility (AIRFAC) in Muskegon, Michigan. Closing the station would put at risk the large number of boaters on Lake Michigan during the summer. The Muskegon AIRFAC has been in place since 1997, and provides an important safety presence during the heavy boating season on Lake Michigan. The Coast Guard should continue to ensure Lake Michigan has an adequate Coast Guard presence to protect boaters in this very busy region of the country.

From a safety point of view, when it comes to saving lives, time is of the essence. An on-site helicopter can deploy much more quickly than one coming from 120 miles away. AIRFAC responded to 182 cases on southern Lake Michigan since 2005, which shows how often problems arise.

In areas where there is heavy boat traffic, as there is on southern Lake Michigan, the Coast Guard must be particularly vigilant. According to the Coast Guard and National Marine Manufacturers Association (NMMA), Michigan alone, with its significant Great Lakes shoreline, has almost a million registered boats, the third highest of any state.

The Coast Guard's presence at Muskegon is the result of a careful evaluative process and a joint commitment with the community. In 1996, after a merit-based evaluation of several sites, the Coast Guarded decided to locate an air facility on Lake Michigan at the Muskegon County airport. To accommodate this decision, Muskegon County built, at its own expense, a new hangar to the exact specifications of the Coast Guard to house the Muskegon air facility and helicopter. When signing a long-term lease for this facility, the Coast Guard made a commitment to Muskegon County regarding the safety and security of the people of Michigan. The Coast Guard needs to honor that commitment and remain in Muskegon. Lake Michigan's boaters deserve to be protected through a Coast Guard facility on southern Lake Michigan.

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Question#:	19
Topic:	AIRFAC
Hearing:	The Homeland Security Department's Budget Submission for Fiscal Year 2013
Primary:	The Honorable Carl Levin
Committee:	HOMELAND SECURITY (SENATE)

What would it take to retain the Muskegon AIRFAC?

Response: Due to limited demand for services and improved endurance from the H-60, the Coast Guard will discontinue two seasonal Coast Guard Air Facilities at Muskegon, MI, and Waukegan, IL. The USCG will provide three medium-range H-60 helicopters to the Great Lakes region to support the areas previously covered by these air stations. The three H-60 helicopters will provide improved service and endurance over the five H-65s currently in use. In addition to current-year savings, this proposal will achieve nearly $37 million in cost avoidance by enabling the Coast Guard to re-purpose two H-65 aircraft from Air Station Traverse City to replace aircraft lost during operational mishaps, precluding the need to procure replacement aircraft.

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Question#:	20
Topic:	H-60's
Hearing:	The Homeland Security Department's Budget Submission for Fiscal Year 2013
Primary:	The Honorable Carl Levin
Committee:	HOMELAND SECURITY (SENATE)

Question: The President's FY 2013 budget request proposes replacing the five H-65 helicopters in Traverse City with only three H-60 helicopters. A minimum of four H-60 helicopters would be required to leave Traverse City with equal coverage, and that is the number the President requested in FY 2010 when the upgrade was first proposed. I am concerned that if the President's FY 2013 proposal is adopted, Air Station Traverse City will be left dangerously shorthanded and without emergency response should three airframes be down at the same time, something that is not unheard of. I do applaud the President for recognizing the need to replace the H-65 airframes in Traverse City with the H-60's as the H-60's are critical for the Coast Guard's Great Lake missions due to their de-icing capabilities, something the H-65's lack.

How would we be able to provide the fourth H-60 helicopter to Traverse City as proposed in FY 2010?

What was the basis for the change since 2010, when the budget proposed replacing the five H-65s with four H-60s?

How many H-60 airframes does the Coast Guard have?

Where are all of the H-60 airframes located?

If a fourth airframe is allocated to Air Station Traverse City, where would it come from? Is the fourth airframe already outfitted/converted?

Response: The Coast Guard's FY13 proposal replaces five H-65 helicopters with three more capable H-60 helicopters. The allocation of three H-60 rotary wing assets rather than four is based on the Coast Guard's current assessment of mission demands and priorities for aircraft siting and operational use, in alignment with current service-wide priorities. Operationally, the assignment of three H-60 helicopters at Coast Guard Air Station (CGAS) Traverse City will continue to meet operational requirements, given the capabilities of the H-60 and presence of more capable search and rescue assets in the region, including new Response-Boat Mediums and deployment of the Rescue 21 system. CGAS Traverse City's current complement of five H-65s was necessary to meet the additional requirements of two operating summer Air Facilities.

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Question#:	20
Topic:	H-60's
Hearing:	The Homeland Security Department's Budget Submission for Fiscal Year 2013
Primary:	The Honorable Carl Levin
Committee:	HOMELAND SECURITY (SENATE)

The Coast Guard's standard unit complement of H-60 aircraft to meet maritime response requirements at an Air Station is three aircraft for areas similar to (and in some cases larger) in size than the CGAS Traverse City's area of responsibility. Units with more than three helicopters and a one aircraft readiness requirement deploy their additional aircraft to meet mission demands in other regions.

The Coast Guard currently has a fleet of 35 operational H-60s, and 7 H-60s in depot level maintenance in the following locations:

Cape Cod, MA – 4
Elizabeth City, NC – 4
Clearwater, FL – 10
Aviation Training Center Mobile, AL – 3
Aviation Logistics Center Elizabeth City, NC – 7
San Diego, CA - 3
Astoria, OR - 3
Sitka, AK - 3
Kodiak, AK - 5

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Question#:	21
Topic:	VVCOE
Hearing:	The Homeland Security Department's Budget Submission for Fiscal Year 2013
Primary:	The Honorable Carl Levin
Committee:	HOMELAND SECURITY (SENATE)

Question: The President's budget proposes closing the Vintage Vessel National Center of Expertise (VVCOE) in Duluth, Minnesota, just a few years after its much-needed establishment. This Center was created to be the repository of Coast Guard expertise and best practices associated with steam propulsion, riveted hulls and other legacy vessels (deep-draft hulls built before 1982) throughout the Coast Guard. Its staff serves as subject matter experts advocating for both the industry and the Coast Guard in providing technical regulatory advice and On-The-Job Training specific to vintage vessels in the Great Lakes fleet and nationwide.

I understand the Coast Guard 9th District relies on the technical expertise from this Center to help them maintain their vessels which tend to be older vessels. And they don't feel they have the expertise to do it themselves. I also understand that the Lake Carriers Association utilizes the Center for its in-depth knowledge of Great Lakes vessel characteristics, steam plants and vessels built before 1982.

If this decision goes forward, the safety and efficiency of shipping from Michigan's nearly 40 deep-draft ports will be negatively impacted.

Question: How is the Coast Guard supposed to absorb the loss of the technical assistance provided by the Duluth Center if it is closed?

Response: In reviewing the Vintage Vessel Center of Expertise (VVNCOE) workload, their scope of responsibility was the smallest amongst all NCOEs and can be assumed within existing organic capabilities. Similar to other areas within the budget, this trade-off enabled the Coast Guard to reallocate available resources to higher priorities, including recapitalization of assets and sustainment of critical frontline operations.

Shippers who operate these older vessels will still be able to work with their local Coast Guard Sector for support. Moreover, the Coast Guard is prepared to absorb the technical expertise currently provided by the VVNCOE. Coast Guard training and competency needs are continually assessed. With the establishment of the Force Readiness Command (FORCECOM), the Coast Guard has an entity wholly focused on training, educating, and preparing our people to execute their assigned missions. Moreover, the Coast Guard has recently established a Marine Safety Mission Performance Support Committee (MSMPSC), thereby creating a direct link between appropriate Prevention Program managers at Coast Guard Headquarters and FORCECOM. Once identified, a performance or competency gap in the Marine Safety mission will be addressed by the

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Question#:	21
Topic:	VVCOE
Hearing:	The Homeland Security Department's Budget Submission for Fiscal Year 2013
Primary:	The Honorable Carl Levin
Committee:	HOMELAND SECURITY (SENATE)

MSMPSC at the strategic level and FORCECOM at the operational/tactical level. Finally, the Coast Guard's Traveling Inspection staff can be called upon to provide technical assistance in this area of vessel inspection expertise, if required.

Question: Does the Coast Guard have this technical expertise in house to do it themselves?

Response: Yes. Though the VVNCOE is relatively new, the vintage vessel inspection activity is not new for the Coast Guard, and was performed by trained Coast Guard Marine Inspectors prior to the commissioning of the VVNCOE.

Question: Does the Coast Guard have the ability to train the Marine Safety Offices to be able to provide the same level of service?

Response: Yes. The Coast Guard's Traveling Inspection staff can be called upon to provide technical assistance in this area of expertise, while FORCECOM will focus on training, educating, and preparing Coast Guard Marine Inspectors located at Coast Guard Sectors and Marine Safety commands to complete these vessel inspection activities.

Question: Why is the Duluth Center of Expertise the only Center of Expertise being cut?

Response: Although VVNCOE's personnel contributed to the Coast Guard's overarching Marine Safety mission, the Coast Guard needed to redirect funding to higher priorities, such as recapitalization efforts and sustaining other higher priority frontline operations. In reviewing the VVNCOE's workload, their scope of responsibility was the smallest amongst all NCOEs.

Question: If there is a Continuing Resolution will the Coast Guard still plan on closing the Duluth Center of Expertise?

Response: Yes, the Coast Guard has the legal authority to execute the proposed decommissioning as outlined in the President's FY13 budget request. Pursuant to 14 U.S.C. section 93(a)(2), the Commandant has authority to decommission shore facilities with or without a continuing resolution, unless Congress places a prohibition in the Act.

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Question#:	22
Topic:	USCG housing
Hearing:	The Homeland Security Department's Budget Submission for Fiscal Year 2013
Primary:	The Honorable Carl Levin
Committee:	HOMELAND SECURITY (SENATE)

Question: In addition to the need for the recapitalization of essential assets to the Coast Guard, there is also a need for the recapitalization of Coast Guard housing for personnel and their families. The Coast Guard has approximately 4,000 housing units and over a $350 million backlog in critical housing repairs for these units, resulting in sub-standard living condition for many Coast Guard families. Sustained investment to recapitalize Coast Guard housing is essential to ensuring the Coast Guard can provide housing for its military members. How does the President's budget address this shortfall?

Response: To address the current critical housing backlog, the Coast Guards' Fiscal Year 13 budget supports over $11.5M in OE funding to maintain and repair military family and unaccompanied housing projects. The following are projects the Coast Guard will complete with Fiscal Year 13 funding.

LOCATION	PROJECT DESCRIPTION
AIRSTA Borinquen	Renovate Family Housing Units
STA Coos Bay	Renovate Charleston Family Housing
Base Alameda	Novato Family Housing-Repair Electrical Distribution Systems
Sector New York	Fort Wadsworth Family Housing-Building Code Repairs
Sector San Juan	Renovate Family Housing Units
TRACEN Yorktown	Cain Hall Barracks-Exterior Rehabilitation/Fire Sprinkler System
Sector New York	Fort Wadsworth Barracks-Water Intrusion Repairs
CG TISCOM	Dawson Hall Barracks-Mid Life Rehab
TRACEN Cape May	James Hall Barracks-Install Fire Sprinkler System

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Question#:	23
Topic:	vessels
Hearing:	The Homeland Security Department's Budget Submission for Fiscal Year 2013
Primary:	The Honorable Carl Levin
Committee:	HOMELAND SECURITY (SENATE)

Question: Icebreaking and Refurbished Vessels
The recapitalization of the Coast Guard's assets also includes its vessels. Many Coast Guard cutters are over 50 years old. On the Great Lakes, there are 9 vessels that would need to be refurbished, at a cost of approximately $131 million over ten years. The Coast Guard's proposed budget did not include specific information on the icebreaking in District 9, the Great Lakes area.

Will the Coast Guard be able to provide information on the funding request for icebreaking operations in District 9 for FY2013?

Response: The FY13 President's Budget does not request additional operating expense funding for icebreaking operations in District 9. However, the Coast Guard plans to conduct a 15-year Service Life Extension Project (SLEP) on the nine 140-foot Bay-class Icebreaking Tugs (WTGBs) - five of which are home ported in the Ninth Coast Guard District, using the $14 million in the Coast Guard's FY 2012 Acquisition, Construction and Improvement (AC&I) appropriation In-Service Vessel Sustainment (ISVS) Program, along with resources outlined in the FY 2013-2017 Capital Investment Plan.

Question: Icebreaking and Refurbished Vessels
The recapitalization of the Coast Guard's assets also includes its vessels. Many Coast Guard cutters are over 50 years old. On the Great Lakes, there are 9 vessels that would need to be refurbished, at a cost of approximately $131 million over ten years. The Coast Guard's proposed budget did not include specific information on the icebreaking in District 9, the Great Lakes area.

How is the issue of recapitalization of the Great Lakes icebreaking capacity addressed in the President's budget?

Response: The Coast Guard plans to conduct a 15-year Service Life Extension Project (SLEP) on the nine 140-foot Bay-class Icebreaking Tugs (WTGBs) - five of which are home ported in the Ninth Coast Guard District. The $14 million in the Coast Guard's FY 2012 Acquisition, Construction and Improvement (AC&I) appropriation In-Service Vessel Sustainment (ISVS) Program, Project and Activity (PPA), along with resources outlined in the FY 2013-2017 Capital Investment Plan, will be used for the WTGB SLEP. The first WTGB is expected to begin its SLEP at the Coast Guard Yard (Baltimore, MD) in FY 2014. Starting in FY 2015, two WTGBs per year will be inducted into SLEP at the Coast Guard Yard. The ninth and final WTGB will complete its SLEP in third quarter of

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Question#:	23
Topic:	vessels
Hearing:	The Homeland Security Department's Budget Submission for Fiscal Year 2013
Primary:	The Honorable Carl Levin
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FY 2019.

Question: Icebreaking and Refurbished Vessels
The recapitalization of the Coast Guard's assets also includes its vessels. Many Coast Guard cutters are over 50 years old. On the Great Lakes, there are 9 vessels that would need to be refurbished, at a cost of approximately $131 million over ten years. The Coast Guard's proposed budget did not include specific information on the icebreaking in District 9, the Great Lakes area.

Is the Service Life Extension program funded to a sufficient level in FY2013 to ensure completion by FY2015?

Response: The first WTGB is expected to begin its SLEP at the Coast Guard Yard (Baltimore, MD) in FY 2014. Starting in FY 2015, two WTGBs per year will be inducted into SLEP at the Coast Guard Yard. The ninth and final WTGB is scheduled to complete its SLEP in third quarter of FY 2019.

Question: Icebreaking and Refurbished Vessels
The recapitalization of the Coast Guard's assets also includes its vessels. Many Coast Guard cutters are over 50 years old. On the Great Lakes, there are 9 vessels that would need to be refurbished, at a cost of approximately $131 million over ten years. The Coast Guard's proposed budget did not include specific information on the icebreaking in District 9, the Great Lakes area.

Is there funding allocated for the deployment of an extra 140 foot cutter for the winter 2012/13 icebreaking season?

Response: Seasonal deployments of 140' WTGBs to District 9 are executed within programmed operational hours for the ships; no additional funding is requested in FY13. Assets across the Coast Guard, including 140' WTGBs, deploy as needed to meet mission demands.

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Question#:	24
Topic:	CFATS
Hearing:	The Homeland Security Department's Budget Submission for Fiscal Year 2013
Primary:	The Honorable Carl Levin
Committee:	HOMELAND SECURITY (SENATE)

Question: There have been problems with the implementation of the Chemical Facility Anti-Terrorism Standards (CFATS) program, including delays in approving site security plans and performing compliance inspections. FY2012 funding for this program was $93.3 million, whereas the FY2013 budget only includes $74.5 million, a reduction of 20 percent.

Will the proposed reduction in National Protection and Programs Directorate (NPPD) funding further impact implementation of the CFATS program? Will there be a negative impact on the timeline for completing these important reviews and compliance inspections? If so, how will the timeline get adjusted?

Can you give an estimate of the number of site security plan reviews and compliance inspections that would not be completed with this lower level of funding?

Response: We anticipate that the budget reduction will be offset, in part, by funds that the Infrastructure Security Compliance Division (ISCD) has carried over from previous years. We believe that this will minimize the impact of the proposed FY13 budget cut.

In FY14 and beyond, as ISCD moves into a regular cycle of CFATS compliance inspections, NPPD is committed to resourcing ISCD to be successful in accomplishing its primary goals, which are to: (1) reduce security risk to the nation's high-risk chemical facilities; (2) prevent the misappropriation or use of ammonium nitrate in an act of terrorism; and (3) enhance the planning, outreach, and communications efforts for both CFATS and the AN program.

NPPD has established a working group to develop a longer-term solution to improve the Site Security Plan (SSP) review process going forward. NPPD will continue to keep the Committee informed about the SSP review process and the CFATS program including projected funding impacts.

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Question#:	25
Topic:	DHS Grants
Hearing:	The Homeland Security Department's Budget Submission for Fiscal Year 2013
Primary:	The Honorable Carl Levin
Committee:	HOMELAND SECURITY (SENATE)

Question: In FY2013, the Administration proposes to consolidate eligible activities previously funded under 16 separate preparedness grants into a single grant program called the National Preparedness Grant Program. The Administration proposes to allocate funding by formula and through a competitive process. The formula allocation will be made by establishing a base level of funding for each state and territory in accordance with a population-driven formula (the current minimum to states under the State Homeland Security Grant Program is 0.355% of the total funds allocated; for territories, it is 0.08%). The competitive awards will be made based on the criticality of the specific capability to be addressed with the grant funding and through a competitive pool of projects seeking to develop new capabilities to address a need identified in the Threat Hazard Identification and Risk Assessment (THIRA).

Since the Administration proposes to implement a new grant program rather than utilizing programs already authorized, such as the State Homeland Security Grant (SHSGP) and the Urban Area Security Initiative (UASI), will the formula for allocating the National Preparedness Grant Program funds include any of the elements of the statutory formula for SHSGP and UASI? If so, which components? If not, why not?

How much of the funding will be awarded by grant, and how much will be awarded by formula?

The Administration proposes utilizing a review panel to make award determinations under the competitive portion of the new National Preparedness Grant. How closely will the awards align with the scores of the review panel? Will the Secretary provide written justification for any deviation from the review panel recommendations?

Response: In order to address evolving threats and make the most of limited resources, FEMA proposed a new vision for homeland security grants in the FY 2013 President's budget that focuses on building and sustaining core capabilities associated with the five mission areas within the National Preparedness Goal (NPG) that are readily deployable and cross-jurisdictional, helping to elevate nationwide preparedness. This proposal reflects the lessons we've learned in grants management and execution over the past ten years. Using a competitive, risk-based model, this proposal envisions a comprehensive process to assess gaps, identify and prioritize 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. The Administration looks forward to working with Congress and stakeholders on this proposal to enable all levels of government to build and sustain, in a collaborative way, the core capabilities necessary to prepare for incidents that pose the greatest risk to the security of the Nation.

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Question#:	26
Topic:	budget proposes
Hearing:	The Homeland Security Department's Budget Submission for Fiscal Year 2013
Primary:	The Honorable Carl Levin
Committee:	HOMELAND SECURITY (SENATE)

Question: The Administration's FY2013 budget proposes $335 million for Assistance to Firefighter Grants. The FY2013 request for AFG would be the lowest appropriated level since FY2001, the initial year of the program. Meanwhile, the amount of total AFG funding requested in applications has continued to rise, from $2.3 billion in FY2006 to $3.2 billion in FY2009.

What is the Administration's rationale for offering a historically low level of AFG funding in FY2013?

The FY2013 budget proposal (FY2013 Budget Appendix, p. 581) states that the firefighter assistance grant process "will give priority to applications that enhance capabilities for terrorism response and other major incidents." Yet, the fire grant statute (15 U.S.C. 2229) defines the purpose of the program as "protecting the health and safety of the public and firefighting personnel throughout the Nation against fire and fire-related hazards."

In your view, is the original intent of the fire grant program – protecting the public and firefighters against the day-to-day ravages of fire – no longer as high a priority as response to terrorism or a major incident? Does that intent bind you?

Response: Consistent with prior year requests, the Administration continues to focus on support for state and local first responders in the FY 2013 Budget. The total grants request of $2.9 billion is over $500 million more than appropriated by Congress in FY 2012. Included in this amount is $670 million for Firefighter Assistance Grants to help 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. The Administration has also proposed an additional $1 billion as supplemental Staffing for Adequate Fire and Emergency Response (SAFER) grants to assist State and local firefighting agencies in the current economic environment and prevent unnecessary job losses.

The Administration believes the additional funding is critical to overall maintenance and sustainment efforts of capabilities built over the ten years. In FY 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. The FY 2013 request is a testament to the Administration's strong support for grants programs in spite of the current fiscal climate, and continues the Department's commitment to building resiliency both at the local and national levels.

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Question#:	27
Topic:	Plan
Hearing:	The Homeland Security Department's Budget Submission for Fiscal Year 2013
Primary:	The Honorable Carl Levin
Committee:	HOMELAND SECURITY (SENATE)

Question: The U.S. Border Patrol (USBP) is expected to publish a new strategic plan this spring that will emphasize intelligence-based risk management and an integrated threat-based response to particular risks. While the border patrol's national strategy lays out goals and objectives for securing the border between ports of entry (POE), it does not address questions about enforcement at the ports or within the United States, both of which fall outside USBP's jurisdiction. It also appears, based on what USBP has said, that the national strategy focuses primarily on the Southwest border. While the Southwest border (especially between the POEs) traditionally has been the primary entry point for many unauthorized migrants, some analysts believe that the northern border is an equally or more important point of vulnerability to international terrorists and certain types of illegal drugs. All U.S. borders and POEs are vulnerable to a diverse set of border threats (including unauthorized migrants, drugs and other contraband, weapons of mass destruction, and terrorists).

Does DHS have a national strategy that helps determine the allocation of resources at and between ports of entry; among different border locations (including southern versus northern and coastal borders); and at other locations, including the interior and within foreign countries?

Response: CBP's Office of Border Patrol (OBP) and Office of Field Operations (OFO) recently developed strategic plans.

The draft 2012-2016 Border Patrol Strategic Plan articulates a risk-based approach to securing our nation's borders. OBP's Strategic Plan is supported by three fundamental pillars: information, integration, and rapid response and focuses on applying appropriate capabilities to counter existing and emerging threats along all U.S. Borders. The 2012-2016 Strategic Plan embraces intelligence-based risk management, integrated approaches with strategic partners to counter threats, and mobile, flexible capabilities that are key to adequately identifying and responding to threats from increasingly mobile Transnational Criminal Organizations (TCOs). Bringing these capabilities to bear on threats along all our borders, will ensure that threats are addressed in the most effective and efficient manner irrespective of border.

The Office of Field Operations' Strategic Plan provides the future goals, objectives, and strategies at the ports of entry – focusing on the ability to adapt to an ever-changing national security environment. One objective of the strategic plan is the implementation of a Workload Staffing Model (WSM), which helps determine the allocation of staffing at

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ports of entry in the United States and at each preclearance location. The WSM, in part, calculates results by analyzing the volume of work elements that characterize threat and risk, including, but not limited to: Inadmissible Passengers, Secondary Inspections, Non-Intrusive Inspection Systems (NII Inspections), and Seizures. Workload Staffing Model (WSM)

Additionally, CBP's Office of International Affairs is currently developing region-specific engagement strategies (i.e. Western Hemisphere, Africa, Middle East, Europe, and Asia) to identify potential collaboration with countries that have demonstrated commitment to strengthening the global supply chain. Enhanced awareness of the goods and people that are destined for the U.S., and associated threats, will support CBP's efforts to more effectively determine the appropriate mix of personnel and technology that needs to be applied to each region.

Question: What is the current risk assessment with respect to terrorism and crime at the southern and northern borders?

Response:

Northern Border

The primary concerns along the U.S.-Canada border are the potential for terrorists and their conveyances to enter the U.S. or Canada undetected, in addition to drug trafficking and illegal immigration. Other concerns include the illegal movement of prohibited or controlled goods, agricultural hazards and the spread of infectious disease. At the same time, we need to ensure there is not an impact on the global supply chain and that legitimate goods and trade continue to occur with the United States. In addition, the Department operates with the understanding that the greatest terrorist risk to the Homeland is posed by violent extremists inspired by Al-Qa'ida and its affiliates.

Southern Border

The primary concerns along the U.S.-Mexico border are Mexican transnational criminal organizations and the threat they pose to US economic and security interests. Mexican traffickers move most of the cocaine, heroin, foreign-produced marijuana, and foreign-produced methamphetamine available in the United States through, between, and around land border crossings in Arizona, California, New Mexico, and Texas. Several terrorist and insurgent groups continue to have a presence in Mexico and or have expressed an interest in using Mexico to gain access to the U.S. The Southern border is also the

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primary gateway for flow of illegal migrants attempting entry into the U.S., including aliens from special interest countries.

We would be pleased to provide threat briefings on the Northern and Southern borders in a classified setting at your convenience.

Question: How do the current threat environment and risk assessment at the northern border affect personnel deployment there?

Response: Border Patrol's and Field Operation's risk-based strategic plans and the associated resources have helped strengthen security along the Northern border. Border Patrol's Northern Border sectors have been at the forefront of improving operational integration with our federal, state, and local partners, including leveraging capabilities and identifying common missions and engaging with border communities.

The Office of Field Operations' Workforce Staffing Model considers the northern border's threat and risk by analyzing the volume of work elements that characterize threat and risk, including, but not limited to inadmissible passengers, secondary inspections, NII inspections, and seizures at ports of entry.

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Question#:	28
Topic:	state incorporation issues
Hearing:	The Homeland Security Department's Budget Submission for Fiscal Year 2013
Primary:	The Honorable Carl Levin
Committee:	HOMELAND SECURITY (SENATE)

Question: The 50 U.S. states form nearly two million new corporations and LLCs each year, without knowing who owns them. The fact that our laws allow states to form corporations with hidden owners invites wrongdoers to misuse U.S. companies for terrorism, money laundering, drug trafficking, tax evasion, and other crimes. Persons currently have to provide more information to a state to get a drivers' license than form a new corporation. Attached are several news reports since last year about U.S. corporations being used by criminals, corrupt foreign officials, and more, which I ask to be included in the hearing record after these questions for the record. The Administration has now taken on this issue and urged Congress to enact legislation to require beneficial owners of companies to be identified at the time of incorporation. The Administration has recommended enacting this legislation as part of its 2011 Strategy to Combat Transnational Organized Crime and 2011 Open Government National Action Plan.

The Treasury and Justice Departments support enacting legislation that would require states, at the time of incorporation, to get the names of the beneficial owners of the corporation being formed. Does DHS also support the enactment of this legislation?

Should this Committee treat moving that legislation as a priority this year?

The Chamber of Commerce and some Secretaries of State within the 50 U.S. states oppose enacting this legislation, claiming it would be burdensome to implement, even though the Treasury and Justice Departments have agreed to provide $30 million from their forfeiture funds to help states add a question to their existing incorporation forms to request the names of beneficial owners. When my colleagues hear about this opposition, I remind them that the law enforcement organizations, including the Federal Law Enforcement Officers Association and the Fraternal Order of Police, support the legislation, in particular the bipartisan bill I've introduced with Sen. Grassley, S. 1483. To assist Committee members in understanding the importance of this legislation, would DHS be willing to coordinate with our national security and law enforcement agencies to provide a classified briefing to Committee Members about the serious threats posed by U.S. corporations with hidden owners and why enacting legislation in this area is part of the Administration's Strategy to Combat Transnational Organized Crime?

Response: Transnational criminal organizations have become more entrepreneurial and are using our financial systems to move, conceal, and increase illicit funds and transnational criminal exploits. A person forming a corporation, a limited liability company or any other legal entity is typically not required to provide a great deal of

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information to the State of incorporation about the beneficial owners of the company. Consequently, legal entities may be providing access to the international financial system for illicit actors and criminal endeavors.

The Department of Homeland Security (DHS) supports the enactment of legislation to require disclosure of beneficial ownership information of legal entities at the time of company formation. The Administration's Strategy to Combat Transnational Organized Crime, released in July 2011, identifies such legislation as an action item for protecting the financial system and strategic markets against transnational organized crime. Similarly, the Administration identified this proposal as a way to help increase transparency of legal entities formed in the United States. DHS believes that disclosure of the beneficial owners of these corporations will not only help to safeguard the international financial system from abuse, but will also assist in law enforcement investigation and prevention of financial crimes, terrorism, and other misconduct that could be harmful to United States interests.

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Post-Hearing Questions for the Record
Submitted to the Honorable Janet A. Napolitano
From Senator Claire McCaskill

"The Homeland Security Department's Budget Submission for Fiscal Year 2013"
March 21, 2012

Question#:	29
Topic:	AIT machines
Hearing:	The Homeland Security Department's Budget Submission for Fiscal Year 2013
Primary:	The Honorable Claire McCaskill
Committee:	HOMELAND SECURITY (SENATE)

Question: At last year's budget hearing, I described my experience finding Advanced Imaging Technology (AIT) machines at major airports across the country that were not being used, and I asked you what assurances you could give that AIT machines deployed in FY12 would be fully staffed and utilized. In testimony this month, however, GAO reported numerous instances where AIT machines are still not in use. One airport reportedly had 3 AIT units in a terminal that typically handles one flight per day. The proper deployment, staffing, and cost-effective use of these machines seems to be a persistent problem. How does TSA plan to address these ongoing concerns? Can you describe what actions TSA will take this year to ensure these machines are properly deployed, fully staffed, and used in a cost-effective manner?

Through today, how many AIT machines are actually deployed at airports across the country? How many additional AIT machines have been purchased but not deployed, and how will TSA prioritize their deployment?

Response: To date, the Transportation Security Administration (TSA) has procured 1000 Advanced Imaging Technology (AIT) units with the most recent procurement in May 2012, which included the purchase of 200 millimeter wave units. Deployment of the 200 AIT units will begin in the fall of 2012. As of July 3, 2012, 749 AIT units have been deployed to 195 airports.

Many factors are taken into consideration before AIT units are deployed, including airport readiness and checkpoint infrastructure. TSA coordinates staffing and scheduling of Transportation Security Officers with the deployment of units. As installation locations are identified, TSA utilizes a Staffing Allocation Model (SAM) process to determine the appropriate staffing adjustments. Should there be any hiring delays, TSA utilizes its National Deployment Office personnel to provide staffing until hiring and training can be completed.

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Question#:	30
Topic:	NBAF
Hearing:	The Homeland Security Department's Budget Submission for Fiscal Year 2013
Primary:	The Honorable Claire McCaskill
Committee:	HOMELAND SECURITY (SENATE)

Question: Over three years ago, in January 2009, Manhattan, Kansas was selected—through a long and competitive process—as the site of the new National Bio and Agro-Defense Facility (NBAF), which is needed to replace the aging Plum Island Animal Disease Center. To date, the federal government has spent over $100 million in design and preparations to build this facility. However, the FY 2013 budget request includes no new money for the construction. You have stated publicly that a facility like NBAF is vital to our nation's food and agriculture security, and that the Department is not reconsidering the locale for the new facility. If the aging Plum Island facility needs extensive repairs, if the Department is not considering any site other than Manhattan, Kansas, and if we both agree that NBAF is vital, why would the FY 2013 budget request not include construction funding?

I am concerned that DHS intends to launch a new "Mission Need Review" to reassess whether there is a need for NBAF. The National Academy of Sciences, in its analysis of NBAF, already established that we, in fact, do need a facility like NBAF in the United States. If you believe we need such a facility, and if the National Academy of Sciences similarly says we need a facility like NBAF, then why would DHS launch yet another review? What exactly will the Mission Need Review entail—what is the scope, how much will it cost, and why is this new review necessary?

Can any work be transferred from Plum Island to Manhattan's existing facility (the Bioscience Research Institute) or to facilities managed by other governments to avoid costly funds being expended at Plum Island? If no, why not?

Response: The National Bio and Agro defense Facility (NBAF) was authorized for construction under the Department of Homeland Security Appropriations Act, 2009 (P.L. 110-329, Div. D. Sec. 540) and at the time, was expected to be fully offset by the proceeds from the sale of Plum Island. Since then, the financial landscape has changed significantly.

Today, we face the overall funding constraints of the Budget Control Act of 2011 (P.L. 112-25), which are impacting both the Department and S&T's budgets. Additionally, due to the current fiscal climate, the sale of Plum Island is not likely to provide adequate funds in the foreseeable future requiring appropriated funds for construction, and estimated construction costs for NBAF have increased by more than 30% as a result of construction delays and additional safety engineering requirements. At the same time, Congressional appropriations have not kept pace with the costs to build the facility

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expeditiously. Given these fiscal challenges while considering the evolving security threats to U.S. agriculture, we have asked National Academy of Sciences (NAS) to convene an expert committee, in conjunction with the interagency, to conduct a scientific assessment of the requirements for a large-animal foreign and emerging diseases research and diagnostic laboratory in the United States. The committee will examine 1) the current threats from terrorism, foreign animals and the global migration of zoonotic diseases to U.S. agriculture; and 2) the project's viability in the current budget environment, evaluating the cost, capacities, and capabilities of the current plan as well as potential alternatives to construct and operate NBAF.

Given the extensive site selection process from 2006-2009 and the recently-updated NBAF Site Specific Risk Assessment, the panel will not revisit the site selection or consider alternative locations for NBAF. However, the panel will evaluate the capacity, capabilities, and liabilities of these options and will provide consensus advice on how the laboratory infrastructure needed to address foreign animal, emerging and zoonotic disease threats could be assembled.

Panel membership will include subject matter experts in animal and human health, the livestock industry, national security aspects of agriculture, cost/benefit analysis, biosafety, biosecurity and stakeholder backgrounds to address key questions pertinent to known and emerging foreign animal and zoonotic diseases relevant to livestock biocontainment.

While there is no current large animal Biosafety Level 4 (BSL4) facility like NBAF operating in the US, the challenge of building NBAF highlights the challenge faced by all Federal government research and development (R&D) organizations in a constrained budget environment where there is a need for funds to invest in both infrastructure and in research. Effective innovation is the core of the U.S. economy and U.S. national security; it requires investment in both facilities and research and development (R&D). The U.S. must robustly fund both of these activities in order to maintain the capability needed to respond to the diverse threats against which the DHS is charged to protect the United States.

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